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ABSTRACT

Title IV-B of the Social Security Act authorizes federal funding for services to help families address problems leading to child abuse and neglect and prevent unnecessary separation of children from their families. Subpart 1 of Title IV-B provides funds for almost any child welfare activity, but has statutory limits on foster care maintenance and adoption assistance payments, and subpart 2 provides grants for services such as family support services. Responding to congressional interest in the child welfare services states are providing, the General Accounting Office (GAO) used a variety of methods to examine how states use Title IV-B funds, including surveys of state child welfare directors and interviews with state and local officials, service providers, Department of Health and Human Service (HHS) officials, and child welfare experts. Findings revealed that the range of services supported through subparts 1 and 2 and the types of families served overlap significantly. HHS' oversight focused primarily on states' overall child welfare systems and outcomes, with relatively little oversight specific to subpart 1. Little research was available on the effectiveness of services unique to subpart 1. The resulting GAO recommendations include that the Secretary of HHS: provide guidance to ensure that HHS regional offices provide appropriate oversight of subpart 1, consider the feasibility of collecting data on states' use of these funds to facilitate program oversight, and use information gained through enhanced oversight in designing the department's proposed child welfare option, which would allow states to use other federal child welfare funds for services allowed under Title IV-B. In general, HHS agreed with GAO's findings, but did not fully concur with its recommendations. (Three appendices describe the scope and methodology of the study and include comments from HHS and related GAO reports.) (KB)

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United States General Accounting Office

GAO

Report to the Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

September 2003

CHILD WELFARE

Enhanced Federal Oversight of Title IV-B Could Provide States Additional Information to Improve Services

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September 2003

CHILD WELFARE

Enhanced Federal Oversight of Title IV-B Could Provide States Additional Information to Improve Services

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Highlights

Highlights of GAO-03-956, a report to the Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

In 2001, states determined that over 900,000 children were the victims of abuse or neglect. In fiscal year 2003, subparts 1 and 2 of Title IV-B of the Social Security Act provided $697 million in federal funding for services to help families address problems that lead to child abuse and neglect. This report describes (1) the services provided and populations served under subparts 1 and 2; (2) federal oversight of subpart 1; and (3) existing research on the effectiveness of services unique to subpart 1—that is, when states used subpart 1, but not subpart 2, to fund programs in a particular service category. The report focuses primarily on subpart 1 because little research exists on this subpart, while studies have been conducted on subpart 2.

What GAO Recommends

GAO recommends that the Secretary of the Department of Health and Human Services (HHS) (1) provide guidance to ensure that HHS regional offices provide appropriate oversight of subpart 1; (2) consider the feasibility of collecting data on states' use of these funds to facilitate program oversight; and (3) use the information gained through enhanced oversight of subpart 1 in designing its proposed child welfare option, which would allow states to use other federal child welfare funds for services allowed under Title IV-B. HHS generally agreed with GAO's findings, but did not fully concur with these recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-03-956.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cornelia Ashby at (202) 512-8403 or ashbyc@gao.gov.

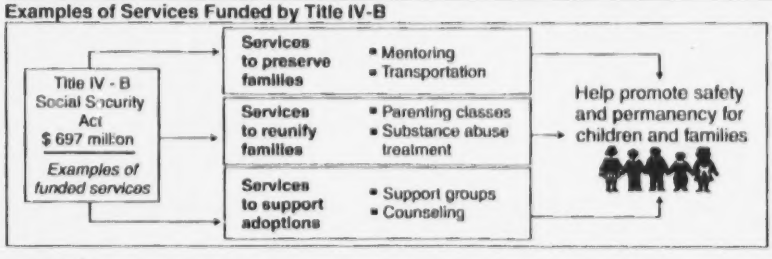
What GAO Found

On a national level, GAO's survey showed that the primary emphases of subparts 1 and 2 vary somewhat, but the range of services offered and the types of families served overlap significantly. No single category of service was funded solely by either subpart. In fiscal year 2002, states used subpart 1 funds most frequently for the salaries of child welfare agency staff, administrative and managerial expenses, child protective services, and foster care maintenance payments. Subpart 2 primarily funded family support, family preservation, family reunification, and adoption support services. Programs funded by the two subparts served similar types of populations—predominantly children at risk of being abused or neglected and their parents, as well as children in foster care and their parents.

HHS's oversight focuses primarily on states' overall child welfare systems and outcomes, but the agency provides relatively little oversight specific to subpart 1. For example, HHS works with states to establish goals to improve the safety and well-being of children and measure progress toward those goals. However, HHS has limited knowledge about how states spend subpart 1 funds. States submit an annual estimate about how they plan to use their subpart 1 funds in the upcoming year, but provide no data on actual expenditures. HHS reports that it reviews these estimates for relatively limited purposes. We also found that HHS regional offices pay little attention to statutory limits on the use of subpart 1 funds for foster care maintenance and adoption assistance payments. For example, 9 of the 10 HHS regional offices do not monitor states' compliance with these limits. As a result, HHS approved projected 2002 spending plans for 15 states that reported estimated spending amounts that exceeded the limits by over $30 million in total.

While GAO's survey data revealed no unique service categories funded by subpart 1 on a national level, 37 states reported unique subpart 1 service categories within their state. Little research is available on the effectiveness of the services in these categories, such as hotlines to report child abuse and emergency shelter services. No states conducted rigorous evaluations of these services, although several states provided some information on outcomes.

Examples of Services Funded by Title IV-B



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Abbreviations

ACF	Administration for Children and Families
APSR	Annual Progress and Services Report
CFSR	Child and Family Services Review
CPS	child protective services
HHS	Health and Human Services
HIPPY	Home Instruction for Parents of Preschool Youngsters

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United States General Accounting Office
Washington, DC 20548

September 12, 2003

The Honorable Wally Herger
Chairman
Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

In 2001, child protective services (CPS) staff in state child welfare agencies determined that over 900,000 children had been the victims of abuse or neglect by their parents or other caretakers.[1] Title IV-B of the Social Security Act is the primary source of federal funding for services to help families address problems that lead to child abuse and neglect and to prevent the unnecessary separation of children from their families. Title IV-B is divided into two parts. States can use subpart 1 funds on almost any child welfare activity. Subpart 2 provides grants to states for similar types of child welfare services, such as family support services to enhance family stability and services to help parents reunify with a child in foster care, but is more restrictive in how the funds can be spent. In fiscal year 2003, appropriations were $292 million for subpart 1 and $405 million for subpart 2.[2]

Title IV-B represents a small percentage of total federal spending on child welfare activities. Most federal funding for these activities comes from Title IV-E of the Social Security Act and is devoted primarily to paying for the room and board of children in foster care—known as foster care maintenance payments. Title IV-B dollars can also be used for foster care maintenance payments, but are more frequently used for other types of services. As the Congress has enacted various pieces of legislation to help move children from foster care into permanent homes more quickly, it has emphasized the need for states to use Title IV-B funding to provide

[1]Child protective services activities typically include reviewing reports of alleged child abuse and neglect, investigating those that meet the state's criteria as a potential incident of abuse or neglect to determine if the alleged incident occurred, and, in some cases, referring families to needed services and removing the child from the home, if necessary.

[2]States are required to provide matching funds in order to receive federal Title IV-B dollars.

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supportive services needed to preserve and reunify families. In 1980, for example, the Congress increased appropriations for subpart 1, but enacted limits on the use of these funds for foster care maintenance payments and adoption assistance payments to encourage states to use the additional funding for services to families.[3] In addition, while states could already use subpart 1 funds for services targeted in the new subpart 2 program, the creation of subpart 2 was motivated in part by the fact that few states used a significant share of their subpart 1 funds for these types of services. The Department of Health and Human Services' (HHS) Administration for Children and Families is currently developing a child welfare option that would allow states to use Title IV-E funds for the same range of services allowed under Title IV-B.

Because of your interest in the services states are providing to meet the needs of families,[4] you asked us to examine the following: (1) How do the services provided and populations served under subpart 1 compare with those under subpart 2? (2) What has the federal government's role been in overseeing the use of Title IV-B subpart 1 funds? (3) What does the research say about the effectiveness of services unique to subpart 1?

To answer these questions, we sent two surveys to child welfare directors to obtain information on how they use Title IV-B funds. To obtain a breakdown of state spending for subparts 1 and 2, we sent the first survey to all 50 states and the District of Columbia and received responses from 47 states.[5] We sent the second survey to the 30 states that provided sufficient data on their first survey within the timeframe that allowed us to conduct the second survey. We received responses from 17 states, providing detailed information on the 3 services they reported as receiving the most subpart 1 funding and the 3 services they reported as receiving the most subpart 2 funding. Because the data from these states may not be representative of all states, we have used data from the second survey to provide examples of the types of children and families served by

[3]Adoption assistance payments are provided to parents adopting a child with special needs, such as a physical or mental disability, to assist with the costs of services required to meet the child's needs. The subpart 1 limits also apply to child care services to support a parent's employment or training.

[4]This report focuses primarily on subpart 1 because little, if any, research has been conducted on how subpart 1 funds have been spent on child welfare services. In contrast, a number of studies have been conducted on the services provided under subpart 2.

[5]We did not receive responses from the District of Columbia, Indiana, Kentucky, or Montana.

Title IV-B. We also conducted site visits in California, New Jersey, Ohio, and Washington, where we interviewed state and local officials and service providers to obtain more in-depth information on the services provided and the types of children and families served. These states represent both geographic diversity and diversity in how states used subpart 1 funds. In addition, these states were identified as using innovative CPS tools or processes. Further, we reviewed applicable laws and regulations; interviewed HHS central and regional office officials about their oversight activities with regard to Title IV-B; reviewed results from HHS's assessments of state child welfare agencies, known as Child and Family Services Reviews (CFSR); reviewed the literature assessing the effectiveness of child welfare services; and interviewed child welfare experts.

Results in Brief

On a national level, our survey showed that the primary emphases of subparts 1 and 2 vary somewhat, but the range of services offered and the types of families served overlap significantly. Our survey found that no single category of service was funded solely by subpart 1 or subpart 2 in fiscal year 2002. In response to our survey, states reported spending about 28 percent of subpart 1 funds on the salaries of child welfare agency staff—primarily social work staff who can provide a variety of services, including CPS investigations, recruiting foster parents, and referring families for needed services. The next three largest spending categories—administration and management expenses, such as rent and utilities; CPS services; and foster care maintenance payments—accounted for about 43 percent of subpart 1 spending. In comparison, states spent over 80 percent of subpart 2 dollars on the four mandated service categories—family support, family preservation, family reunification, and adoption promotion and support services. States reported funding services with subparts 1 and 2 that serve similar populations—primarily children at risk of abuse and neglect and their parents, as well as children living in foster care and their parents. While none of the four states we visited could provide data on the extent to which the same families participated in services funded by subparts 1 and 2, officials in three of these states believed that the two subparts generally served the same types of children and families. Officials in almost all HHS regional offices said that they believe that the two subparts offer a good balance in allowing states some flexibility to address state needs and targeting some federal funds toward services to keep families together.

HHS's oversight focuses primarily on states' overall child welfare systems and outcomes, but the agency provides relatively little oversight specific to

subpart 1. For example, HHS regional offices work with states to establish overall goals to improve the safety, permanency, and well-being of children and measure progress toward those goals. Using its CFSR process, HHS also evaluates how well states are achieving positive outcomes for children and has found that many states do not have strong outcomes with regard to providing the services families need. However, HHS has limited knowledge about how states spend their subpart 1 funds. HHS does not collect data on subpart 1 expenditures, requiring instead that states submit annual estimates about how they plan to use their subpart 1 funds in the upcoming year. HHS regional offices reported that they review these estimates for relatively limited purposes, such as ensuring that states provide required matching funds. Several HHS officials noted that they do not review the spending plans for subpart 1 as closely as subpart 2 because subpart 1 has few restrictions on how funds can be used. We also found that HHS regional offices pay little attention to statutory limits on the use of subpart 1 funds for foster care maintenance and adoption assistance payments.[6] For example, 9 of HHS's 10 regional offices do not monitor states' compliance with these limits. As a result, HHS approved projected 2002 spending plans for 15 states with planned spending amounts that exceeded these limits. In response to our survey, 10 states reported a total of over $15 million in actual 2002 subpart 1 expenditures that exceeded the spending limits and were thus out of compliance with the law.

Little research is available on the effectiveness of unique services funded by subpart 1 at the state level because few states have evaluated these services. While our survey data reveal no unique categories of services funded by subpart 1 on a national level, 37 states generally reported 1 or 2 categories of services that were uniquely funded by subpart 1 within their state—that is, they used subpart 1, but not subpart 2, to fund services in particular categories. The most common unique categories were CPS, foster care maintenance payments, and staff salaries. Within the CPS category, for example, unique services include professional assessments of a caregiver's parenting skills, telephone hotlines to report child abuse and neglect, and short-term shelter placement services. We contacted the

[6]The statutory limit also includes payments for child care services required due to a parent's employment or training needs. However, only 2 states reported any planned subpart 1 spending on this type of child care service for fiscal year 2002. For this report, we mention only foster care maintenance and adoption assistance payments when referring to subpart 1 limits, although we did include planned spending on child care in our analyses of states' planned subpart 1 spending.

states with unique service categories other than administration, salaries, and foster care maintenance and adoption assistance payments and none of these states had conducted rigorous evaluations of these services, although several states provided some outcomes data for the services included in these categories. Our literature review on the effectiveness of child welfare practices identified research for some of these unique service categories, such as certain family preservation programs, but only two specific services included in a unique subpart 1 category were identified in the research. For example, research on a service that works with parents to prepare their children for school and to enhance parent-child interactions has shown mixed results.

We are recommending that the Secretary of HHS (1) provide the necessary guidance to ensure that HHS regional offices are providing appropriate oversight of subpart 1, (2) consider the feasibility of collecting basic data on states' use of these funds to facilitate its oversight of the program and to provide guidance to help states determine appropriate services to fund, and (3) use the information gained through enhanced oversight of subpart 1 to inform its design of the child welfare option that would allow states to use Title IV-E funds for the same range of services allowed under Title IV-B. HHS's Administration for Children and Families (ACF) generally agreed with our findings, but did not fully concur with our recommendations. While ACF agreed with our recommendation to provide the necessary guidance to ensure that its regional offices monitor states' use of Title IV-B subpart 1 funds, it said that these limits no longer serve a useful purpose. ACF disagreed with our recommendation to consider collecting data on subpart 1 expenditures. ACF believes its current level of oversight is commensurate with the scope and intent of subpart 1, noting that its oversight efforts are more appropriately focused on the CFSR process. We believe, however, that assessing the feasibility of collecting some basic data on states' subpart 1 expenditures could enhance ACF's overall oversight of states' child welfare operations and outcomes. ACF did not comment on our recommendation to use such data to inform the design of its child welfare option.

Background

Title IV-B of the Social Security Act, established in 1935, authorizes funds to states to provide a wide array of services to prevent the occurrence of abuse, neglect, and foster care placements. In 1993, the Congress created a new program as subpart 2 of Title IV-B (now known as Promoting Safe and Stable Families), which funds similar types of services but is more prescriptive in how states can spend the funds. No federal eligibility criteria apply to the children and families receiving services funded by

Title IV-B. The amount of subpart 1 funds a state receives is based on its population under the age of 21 and the state per capita income, while subpart 2 funding is determined by the percentage of children in a state who receive food stamps.

In fiscal year 2003, the Congress appropriated $292 million for subpart 1 and $405 million for subpart 2. These federal funds cover 75 percent of states' total Title IV-B expenditures because states must provide an additional 25 percent using nonfederal dollars. Title IV-B funding is relatively small compared with the other federal and state funds used for child welfare services. According to the most recent data available, states spent an estimated $10.1 billion[7] in state and local funds for child welfare services in state fiscal year 2000, while federal Title IV-E expenditures in federal fiscal year 2000 were $5.3 billion. In comparison, Title IV-B appropriations in federal fiscal year 2000 were $587 million. Title IV-E[8] provides an open-ended individual entitlement for foster care maintenance payments to cover a portion of the food, housing, and incidental expenses for all foster children whose parents meet certain federal eligibility criteria.[9] Title IV-E also provides payments to adoptive parents of eligible foster children with special needs.[10] States may choose to use Title IV-B funds to provide foster care maintenance or adoption assistance payments

[7]Urban Institute, *The Cost of Protecting Vulnerable Children III: What Factors Affect States' Fiscal Decisions?* (Washington, D.C.: n.d.).

[8]In fiscal year 2002, total Title IV-E spending was approximately $6.1 billion. The state matching rate for these payments is based on a state's per capita income and ranges from 50 percent to 83 percent.

[9]States are entitled to Title IV-E reimbursement on behalf of children who would have been eligible for Aid to Families with Dependent Children (AFDC) (as AFCD existed on July 16, 1996), but for the fact that they were removed from the home of certain specified relatives. While the AFDC program was replaced by the Temporary Assistance for Needy Families program in 1996, eligibility for Title IV-E payments remains tied to the income eligibility requirements of the now defunct AFDC program. In addition, certain judicial findings must be present for the child, and all other requirements included in section 472 (a) and (b) of the Social Security Act must be met, in order for the child to be eligible for Title IV-E foster care maintenance payments.

[10]Special needs are characteristics that can make it difficult for a child to be adopted and may include emotional, physical, or mental disabilities, emotional disturbance, age, or being a member of a minority race. To qualify for an adoption subsidy under Title IV-E, a state must determine that the child cannot or should not return home; a state must make a reasonable, but unsuccessful effort to place the child without the subsidy; and a specific factor or condition must exist that makes it difficult to place the child without a subsidy.

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for children without regard to their eligibility for these payments under Title IV-E.[11]

The Administration for Children and Families within HHS is responsible for the administration and oversight of federal funding to states for child welfare services under Titles IV-B and IV-E. HHS headquarters staff are responsible for developing appropriate policies and procedures for states to follow in terms of obtaining and using federal child welfare funds, while staff in HHS's 10 regional offices are responsible for providing direct oversight of state child welfare systems.

In 2000, HHS established a new federal review system to monitor state compliance with federal child welfare laws. One component of this system is the CFSR, which assesses state performance in achieving safety and permanency for children, along with well-being for children and families. The CFSR process includes a self-assessment by the state, an analysis of state performance in meeting national standards established by HHS, and an on-site review by a joint team of federal and state officials. Based on a review of statewide data, interviews with community stakeholders and some families engaged in services, and a review of a sample of cases, HHS determines whether a state achieved substantial conformity with (1) outcomes related to safety, permanency, and well-being, such as keeping children protected from abuse and neglect and achieving permanent and stable living situations for children and (2) key systemic factors, such as having an adequate case review system and an adequate array of services. States are required to develop program improvement plans to address all areas of nonconformity.

Subpart 1

Subpart 1 provides grants to states for child welfare services, which are broadly defined. Subpart 1 funds are intended for services that are directed toward the accomplishment of the following purposes:

- protect and promote the welfare of all children;
- prevent or remedy problems that may result in the abuse or neglect of children;

[11]Foster care maintenance payments funded by Title IV-B would require 25 percent in matching state funds.

- prevent the unnecessary separation of children from their families by helping families address problems that can lead to out-of-home placements;
- reunite children with their families;
- place children in appropriate adoptive homes when reunification is not possible; and
- ensure adequate care to children away from their homes in cases in which the child cannot be returned home or cannot be placed for adoption.

When the Congress enacted the Adoption Assistance and Child Welfare Act of 1980, it established a dollar cap on the amount of subpart 1 funds that states could use for certain services and created Title IV-E of the Social Security Act. This legislation limited the total subpart 1 funds states could use for three categories of services: foster care maintenance payments, adoption assistance payments, and child care related to a parent's employment or training. While appropriations for subpart 1 increased from $56.5 million in 1979 to $163.6 million in 1981, the law requires that the total of subpart 1 funds used for foster care maintenance, adoption assistance, and child care payments cannot exceed a state's total 1979 subpart 1 expenditures for all types of services. The intent of this restriction, according to a congressional document, was to encourage states to devote increases in subpart 1 funding as much as possible to supportive services that could prevent the need for out-of-home placements.[12] However, this restriction applies only to the federal portion of subpart 1 expenditures, as the law notes that states may use any or all of their state matching funds for foster care maintenance payments.

Subpart 2

In 1993, the Congress established the family preservation and family support program under Title IV-B subpart 2, authorizing grants to states to provide two categories of services: family preservation and community-based family support services. The Adoption and Safe Families Act of 1997 reauthorized the program, renaming it Promoting Safe and Stable Families and adding two new service categories: adoption promotion and support services and time-limited family reunification services. Through

[12]Staff of the House Committee on Ways and Means, 106th Congress, Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means (Comm. Print 2000).

fiscal year 2006, the Congress has authorized $305 million in mandatory funding for subpart 2 and up to $200 million annually in additional discretionary funding. In fiscal year 2002, the Congress appropriated $70 million in discretionary funding for the program.[13]

The definitions of the four subpart 2 service categories are:

- *Family preservation services*: Services designed to help families at risk or in crisis, including services to (1) help reunify children with their families when safe and appropriate; (2) place children in permanent homes through adoption, guardianship, or some other permanent living arrangement; (3) help children at risk of foster care placement remain safely with their families; (4) provide follow-up assistance to families when a child has been returned after a foster care placement; (5) provide temporary respite care; and (6) improve parenting skills.

- *Family support services*: Community-based services to promote the safety and well-being of children and families designed to increase the strength and stability of families, to increase parental competence, to provide children a safe and supportive family environment, to strengthen parental relationships, and to enhance child development. Examples of such services include parenting skills training and home visiting programs for first time parents of newborns.

- *Time-limited family reunification services*: Services provided to a child placed in foster care and to the parents of the child in order to facilitate the safe reunification of the child within 15 months of placement. These services include: counseling, substance abuse treatment services, mental health services, and assistance to address domestic violence.

- *Adoption promotion and support services*: Services designed to encourage more adoptions of children in foster care when adoption is in the best interest of the child, including services to expedite the adoption process and support adoptive families.

These services are similar to those allowed under subpart 1, although the range of services allowed under subpart 2 is more limited in some cases.

[13]Some subpart 2 funds are reserved for specific activities. For example, $10 million in mandatory funds and 3.3 percent of discretionary funds in each fiscal year are reserved for grants to state courts to improve child welfare proceedings. In addition, 1 percent of mandatory funds and 2 percent of discretionary funds are reserved for grants to Indian tribes.

For example, time-limited family reunification services can only be provided during a child's first 15 months in foster care, while no such restriction is placed on the use of subpart 1 funds. In addition, states must spend a "significant portion" of their subpart 2 funds on each of the four service categories. HHS program instructions require states to spend at least 20 percent of their subpart 2 funds on each of the four service categories, unless a state has a strong rationale for some other spending pattern. By statute, states can spend no more than 10 percent of subpart 2 funds on administrative costs. A congressional document notes that states already had the flexibility to use subpart 1 funds for family support and family preservation services, but that few states used a significant share of these funds for these services.[14] In creating subpart 2, the Congress did not revise any components of subpart 1.

State Plan Requirements for Subparts 1 and 2

To receive Title IV-B funds, states are required to submit a 5-year child and family services plan to HHS. These plans have a number of specific reporting and procedural requirements. While several of the requirements are similar for subparts 1 and 2, states are required to provide information about more aspects of their child welfare systems under subpart 1. Some of the major requirements are outlined in table 1.

[14]Staff of the House Committee on Ways and Means, 106th Congress, Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means (Comm. Print 2000).

Table 1: Selected Requirements to Obtain Grants under Subparts 1 and 2 of Title IV-B

Subpart 1	Subpart 2
To receive subpart 1 funding, states must submit to HHS a 5-year plan outlining the goals of the child welfare agency and annual reports describing the progress made toward those goals. In this plan, states must:	• To receive subpart 2 funding, states must submit to HHS a 5-year plan outlining the goals of the child welfare agency and annual reports describing the progress made toward those goals. In this plan, states must:
• Specify the goals that will be accomplished by the end of the 5-year plan, specific and measurable objectives that will be undertaken to achieve each goal, and describe the methods to be used in measuring annual progress in meeting these goals.	• Specify the goals that will be accomplished by the end of the 5-year plan, specific and measurable objectives that will be undertaken to achieve each goal, and describe the methods to be used in measuring annual progress in meeting these goals.
• Describe the child welfare services provided and the geographic areas where they are available.	• Describe the child welfare services provided and the geographic areas where they are available **and the populations to be served**.
• Describe the steps taken to provide child welfare services and to make progress in developing new services and expanding access to services.	• Describe **how subpart 2 funds will be used** to develop or expand services covered by subpart 2.
• Consult with appropriate public and community-based organizations in designing programs.	• Consult with appropriate public and community-based organizations in designing programs.
• Ensure that the state will administer the plan in accordance with methods determined by HHS to be proper and efficient.	• Ensure that the state will administer the plan in accordance with methods determined by HHS to be proper and efficient.
• Provide reports and participate in evaluations as required by HHS.	• Provide reports and participate in evaluations as required by HHS.
• Describe activities undertaken for children adopted from other countries and report certain data on those children who enter state custody due to the disruption or dissolution of such an adoption.	• **Ensure that the safety of children will be the paramount concern in administering and conducting services.**
• Ensure that the state will develop plans for the effective use of cross-jurisdictional resources to facilitate timely adoptions for children waiting to be adopted.	• **Ensure that, at the end of the 5-year period covered by the state's child welfare plan, states review with appropriate public and community-based organizations the progress made toward goals, publish a report on the progress, and develop new goals for the program.**
• Provide for the diligent recruitment of foster and adoptive families that reflect the racial and ethnic diversity of children in the state who need foster or adoptive homes.	• **Ensure that federal funds provided under subpart 2 will not supplant federal or nonfederal funds for existing services that promote the purposes of subpart 2.**
• Describe specific measures taken to comply with the Indian Child Welfare Act.	• **Ensure that no more than 10 percent of expenditures will be used for administrative costs.**
• Ensure that the state has implemented policies and procedures that allow expeditious decisions about permanent placement for children who are abandoned at birth.	• **Explain how organizations were selected to provide family support services and how these organizations meet the requirement that family support services be community based.**
• Ensure that the state operates a case review system for each child in state-supervised foster care.	
• Ensure that the state operates a statewide information system to provide information about children in foster care.	

Source: Title IV-B of the Social Security Act and 45 CFR 1357.

Note: Bolded text indicates where subpart 2 requirements differ from those pertaining to subpart 1.

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Alternative Financing Mechanisms for Child Welfare Services

Federal child welfare funding has long been criticized for entitling states to reimbursement for foster care placements, while providing little funding for services to prevent such placements. HHS is currently developing a legislative proposal to give states more flexibility in using Title IV-E foster care funds for such preventive services. Under this new proposal, states could voluntarily choose to receive a fixed IV-E foster care allocation (based on historic expenditure rates) over a 5-year period, rather than receiving a per child allocation. The fixed allocation would be an estimate of how much a state would have received in Title IV-E foster care maintenance funds. States could use this allocation for any services provided under Titles IV-B and IV-E, but would also have to fund any foster care maintenance payments and associated administrative costs from this fixed grant or use state funds.

Since 1994, HHS has also been authorized to establish child welfare demonstrations that waive certain restrictions in Titles IV-B and IV-E and allow states a broader use of federal funds. States with an approved waiver must conduct a formal evaluation of the project's effectiveness and must demonstrate the waiver's cost neutrality—that is, a state cannot spend more in Title IV-B and IV-E funds than it would have without the waiver. Projects generally are to last no more than 5 years. HHS's authority to approve these waivers is scheduled to expire at the end of fiscal year 2003.

The Primary Emphases of These Subparts Vary Somewhat, but the Range of Services and Types of Families Served Overlap Significantly

On a national level, our survey showed that the primary emphases of subparts 1 and 2 vary somewhat, but the range of services offered and the types of families served overlap significantly. According to our survey data for fiscal year 2002, states spent subpart 1 funds most frequently on the salaries of child welfare agency staff—primarily social work staff who can provide a variety of services, such as CPS investigations, recruiting foster parents, and referring families for needed services. The next three largest categories—administration and management expenses, CPS services, and foster care maintenance payments—accounted for about 43 percent of subpart 1 funding. Subpart 2 funds, in comparison, were used primarily to fund programs within its required service categories—family support, family preservation, family reunification, and adoption promotion and support services. Some social work staff whose salaries were funded with subpart 1 may provide similar services to families as the staff in these programs funded by subpart 2. On a national basis, however, no service category was solely funded by either subparts 1 or 2. The programs funded by subpart 1 and 2 dollars served similar types of children and families. States used the majority of funds from each subpart to provide services to

children at risk of abuse and neglect and their parents, as well as foster children and their parents. Officials in most HHS regional offices said that they believe that the current structure of Title IV-B offers a good balance in allowing states some flexibility to address state needs and targeting some federal funds toward services to keep families together and prevent children from entering foster care.

While the Distribution of Funds Differs Somewhat, Some Overlap in Service Categories Exists

Although no category of service is funded solely by either subparts 1 or 2 dollars, somewhat different spending patterns emerged with regard to the distribution of these funds among the categories. The states responding to our survey reported spending about 28 percent of subpart 1 funds in fiscal year 2002 on the salaries of child welfare agency staff, with an additional 43 percent used for administration and management expenses, foster care maintenance payments, and direct CPS services (see table 2). In comparison, states used over 80 percent of subpart 2 dollars to fund services in its mandated service categories—family support, family preservation, family reunification, and adoption promotion and support services.[15] However, neither subparts 1 nor 2 funded a unique category of service at the national level.[16] For example, states typically reported using subpart 1 to fund CPS programs; however, 5 states used subpart 2 dollars to fund programs in this category.

[15]The adoption promotion and support services category includes the recruitment and training of foster and adoptive parents, adoption support services, and adoption preservation services.

[16]Although no unique service categories are funded exclusively by either subpart at the national level, states did report individual service categories that were funded by subpart 1, but not subpart 2. However, no national trend emerged among the types of services that were funded uniquely by subpart 1.

Table 2: Fiscal Year 2002 Expenditures for Subparts 1 and 2 Service Categories

	Subpart 1			Subpart 2		
Service category	Number of states	Amount of subpart 1 funding[a]	Percentage of subpart 1 funding	Number of states	Amount of subpart 2 funding[a]	Percentage of subpart 2 funding[b]
Staff positions	25	$70,965,578	27.6	17	$6,229,058	2.4
Administration and management	16	43,143,097	16.8	18	11,614,667	4.5
Child protective services	17	40,543,000	15.8	5	2,248,690	0.9
Foster care maintenance payments	17	27,890,783	10.8	2	647,154	0.3
Multiple responses[c]	8	25,806,347	10.0	4	3,503,585	1.4
Family support/prevention	17	19,840,891	7.7	28	127,430,496	49.8
Counseling and mental health services	2	8,350,562	3.2	5	1,354,763	0.5
Family preservation	7	5,986,045	2.3	23	30,308,896	11.8
Adoption subsidy payments	7	4,657,546	1.8	2	737,412	0.3
Family reunification	4	2,446,570	1.0	26	23,625,973	9.2
Recruitment and training for foster/adoptive parents	9	2,260,061	0.9	16	6,828,885	2.7
Adoption support and preservation services	2	446,877	0.2	27	28,481,585	11.1
Other	11	4,817,180	1.9	15	12,795,915	5.0
Total[d]		**$257,154,537**	**100.0%**		**$255,807,079**	**100.0%**

Source: GAO survey.

Notes: Percentages do not always total to 100 due to rounding.

Data on subpart 1 expenditures are based on survey responses from 46 states and data on subpart 2 expenditures are based on survey responses from 44 states. While Pennsylvania responded to our survey, it did not provide expenditure data for subparts 1 or 2.

[a]When providing data for our survey, states were asked to indicate the single service category that best described the type of program funded by subparts 1 and 2. Thus, programs that fall into multiple service categories may not be fully captured. For example, one state indicated it funded a family support program, which includes some family preservation and reunification services. In addition, states may not have been consistent in categorizing services. For example, several HHS officials told us that the delineation between family support and family preservation services is not clear, so that two states providing the same services to the same types of families may report them in different categories. Inconsistencies such as these could have an effect on any measured differences among service categories.

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[b]States may spend less than 20 percent of their subpart 2 funds on any of the required service categories if they have a strong rationale. Some HHS regional officials said that they approve exceptions to the 20 percent requirement if a state is spending a significant amount of nonfederal funds on a subpart 2 service category.

[c]Although states were asked to indicate the single service category that best described the type of program funded by subparts 1 and 2, several states selected multiple program categories when responding to our survey. For example, Rhode Island reported that it funded a home visitation program and indicated that this program includes family support, health, and family reunification services. Thus, the responses from states that reported multiple categories for a program are represented by this category.

[d]The aggregate dollars reported in the service categories do not match the total allocations for subparts 1 and 2 in fiscal year 2002. States have 2 years to spend their Title IV-B allocations; as a result, expenditures in fiscal year 2002 may include dollars from a state's fiscal year 2001 Title IV-B allocation, as well as its fiscal year 2002 Title IV-B allocation. Similarly, some fiscal year 2002 allocations may not have been spent until fiscal year 2003.

Subpart 1 dollars were most frequently used to fund staff salaries, with almost half of these funds designated for the salaries of CPS social workers. Another 20 percent of these funds were used for the salaries of other social workers (see fig. 1).[17] During our site visit, Washington child welfare officials told us that they used over 50 percent of the state's subpart 1 funds for salaries of staff providing direct services, including CPS social workers, social workers who provide ongoing case management and support services to families involved with the child welfare agency due to concerns about abuse or neglect, social work supervisors, and clerical support staff. While states also reported using subpart 2 funds for staff salaries, only 2 percent of subpart 2 dollars were used for this purpose. This comparison may underestimate the overlap in services funded by subparts 1 and 2, however, because much of the costs of programs funded by subpart 2 is likely attributable to staff salaries. Similarly, some social work staff whose salaries are funded by subpart 1 likely provide a variety of services, such as family preservation services, recruiting foster families, and referring families for needed services, some of which may be similar to services funded by subpart 2.

[17]The survey data reported in this category reflect the salaries of staff affiliated with the child welfare agency. These figures do not include the salaries of child welfare agency staff dedicated to a specific program, which may be embedded within some of the other direct service categories, such as family support and family preservation. In addition, a state may use Title IV-B funds to contract with an organization to provide a particular program, which may include salary expenses as well as direct service expenditures.

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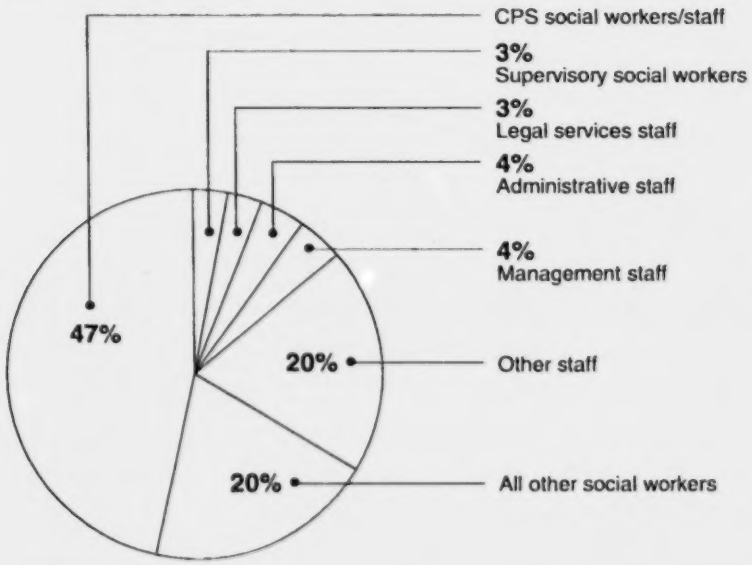
Figure 1: Percentage of Subpart 1 Funds Used for Staff Salaries Dedicated to Each Type of Staff Position in Fiscal Year 2002



Source: GAO survey data.

Notes: Some states spent subpart 1 funds on salaries, but could not provide information on the types of staff positions included.

Percentages do not total to 100 due to rounding.

Administration and management comprised the second largest category of service, accounting for almost 17 percent of subpart 1 dollars. These services included rent and utilities for office space, travel expenses for agency staff, and staff training.[18] Ohio, for example, used most of its subpart 1 dollars to fund state and county child welfare agency administrative expenses. In contrast, states spent less than 5 percent of their subpart 2 funds on administration and management.

CPS represents the third largest category of services that states funded with subpart 1. States used about 16 percent of their subpart 1 funds to provide a variety of CPS services, such as telephone hotlines for the public

[18]This amount may be underestimated, since some states may not have separately reported administrative expenses associated with a specific program. For example, officials in one state reported that the total spending for a family support program included salaries for agency staff, overhead expenses, and related staff travel.

to report instances of child abuse and neglect, emergency shelters for children who needed to be removed from their homes, and investigative services. During our site visit to California, for example, officials reported using about 40 percent of their subpart 1 dollars to fund staff salaries and operating expenses associated with a variety of shelter care services provided by counties, such as emergency shelters and foster homes. A child is placed in one of these shelters when no other placement option is immediately available—for example, when an investigation in the middle of the night determines that the child is at immediate risk of harm or when a child runs away from a foster home. In comparison to states' use of subpart 1 funds, states reported using less than 1 percent of their subpart 2 dollars to fund programs within this service category.

States used nearly 11 percent of their subpart 1 funds to make recurring payments for the room and board of foster children who are not eligible for reimbursement through Title IV-E. For instance, New Jersey officials reported spending over 50 percent of the state's subpart 1 funds on foster care maintenance payments. Seventeen states spend subpart 1 funds on foster care maintenance payments, while only 2 states reported using subpart 2 funds for this purpose, accounting for less than 1 percent of total subpart 2 expenditures.

States reported using half of their subpart 2 dollars to fund family support services. These services included mentoring programs to help pregnant adolescents learn to be self-sufficient, financial assistance to low-income families to help with rent and utility payments, and parenting classes, child care, and support groups provided by a community-based resource center. One California county we visited used subpart 2 to fund a network of family support services with the goal of strengthening communities and keeping families from becoming involved with the child welfare system. Funds were granted to community groups to provide support and improve the healthy development of families for different populations, such as grandparent caregivers and adolescent mothers. Washington funded a network of public health nurses and social service agencies to provide support services to families that are the subject of a report of abuse or neglect—these services are provided in lieu of, or following, a formal investigation when the level of risk to the child is not considered high. Over one-third of the states responding to our survey also reported using subpart 1 funds to provide family support services similar to those funded by subpart 2, although family support services only accounted for 8 percent of subpart 1 expenditures. For example, New Jersey transferred about 27 percent of its subpart 1 funds to local child welfare agencies to

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provide family support services, which included parent education classes, transportation, and mentoring for children.

Family preservation services—designed to keep families together and prevent the need to place a child in foster care—represented the second largest service category funded by subpart 2. Washington used subpart 2 funds for its statewide family preservation program, which offers counseling and parent training services for up to 6 months to families with children who are at risk of being placed in foster care. In some cases, services provided in this category were similar to those in the family support category, but were intended to help keep families together. For example, Florida funded several neighborhood resource centers, which provide child care, parenting classes, adult education and training opportunities, mental health services, transportation services, and a food pantry. Although states primarily used subpart 2 dollars to provide these services, states also reported using approximately 2 percent of subpart 1 funds on family preservation services.

In addition, states reported using about 11 percent of their subpart 2 funds for adoption support and preservation services. With these funds, states provided services such as counseling for children who are going to be adopted, family preservation services to adoptive families, and respite care for adoptive parents. Officials in Ohio reported using almost half of its subpart 2 dollars for adoption services, including post adoption services and services to recruit families for children in need of adoptive homes. Similarly, Florida funded adoption support services for children with special needs who are awaiting adoption, including counseling, behavior modification, tutoring, and other services to expedite the adoption process. In contrast, less than 1 percent of subpart 1 dollars were used to provide adoption support and preservation services.

Finally, states spent about 9 percent of their subpart 2 dollars on family reunification services. States funded a diverse array of family reunification programs, such as supervised visitation centers for parents to visit with their children and coordinators for alcohol and drug treatment services for families whose primary barrier to reunification is substance abuse. New Jersey funded a supervised visitation program that offers parenting education, counseling, transportation, and support groups and is located in a private home, allowing families to visit together in a homelike setting and engage in more natural interactions. One county we visited in California used subpart 2 funds for a shared family care program, in which the parent and child are placed together in a mentor home. The mentor provides a role model for good parenting behavior and provides hands-on

parenting guidance to keep the family together, while a case manager ensures that family members receive services to address problems that could lead to the removal of the child, such as substance abuse or homelessness. Subpart 1 funds were used much less frequently for family reunification services; states reported using 1 percent of subpart 1 funds for these services.

Significant Overlap Exists among the Types of Children and Families Served by Subparts 1 and 2

Significant overlap exists among the types of children and families served by these subparts, although certain populations are more closely associated with a particular subpart. Services funded by each subpart predominantly targeted children at risk of abuse or neglect and their parents, as well as children in foster care and their parents. States responding to our survey reported that services funded by subpart 1 in fiscal year 2002 most frequently served children living in foster care and/or their parents, while 9 percent of subpart 2 funds are used for services that target the same population (see table 3). Similarly, while subpart 2 services most commonly targeted children at risk of abuse and neglect and/or their parents, about 17 percent of subpart 1 funds were also used for services aimed at this population. In addition, 9 percent of subpart 1 funds and 11 percent of subpart 2 funds were used to fund services intended for both of these types of families.

Table 3: Populations Targeted by Services Funded by Subparts 1 and 2 of Title IV-B in Fiscal Year 2002

	Subpart 1			Subpart 2		
Population served	No. of services	Amount of subpart 1 funding	Percent of funding	No. of services	Amount of subpart 2 funding	Percent of funding
Children in foster care and/or their parents	33	$34,732,673	42	46	$15,218,065	9
Children at risk of child abuse and neglect and/or their parents	28	13,751,328	17	133	73,996,404	44
Programs serving multiple populations	21	11,949,444	14	43	18,119,756	11
Children at risk of child abuse or neglect and/or their parents and children living in foster care and/or their parents	12	7,077,448	9	39	17,606,172	11
Programs serving all populations	5	7,513,368	9	7	11,028,464	7
Children waiting for adoption, adopted children, and adoptive parents	9	4,153,271	5	54	27,340,372	16
Other populations, such as delinquent teens and foster parents	10	3,492,142	4	16	3,336,070	2
Total[a]	**118**	**$82,669,674**	**100%**	**338**	**$166,645,301**	**100%**

Source: GAO survey.

Note: This analysis is based on survey responses from 35 states with state-administered child welfare systems that provided population data for their subpart 1 services and 39 states with state-administered child welfare systems that provided population data for their subpart 2 services. Therefore, these data can only be generalized to states with state-administered child welfare systems.

[a]The dollar totals in this table do not match those in table 2 because we do not have population data from states that completed the county-administered survey. Due to the differences in information available from states with county-administered child welfare systems, we did not request data in the first county-administered survey on the types of children and families who received services funded by Title IV-B—these data were to have been obtained on the second survey. In addition, we did not collect data on the populations served for the category of staff salaries, and we excluded population data for the category of administration and management expenses since these expenses are not targeted to a particular population of children and families.

The overlap in populations observed at the national level can also be seen when looking at the children and families targeted by individual states. We found that individual states frequently funded programs with each subpart that served the same types of children and families. For example, all

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20 states that used subpart 1 dollars to fund services for children at risk of abuse or neglect and/or their parents also used subpart 2 dollars to fund a program serving this same population type (see table 4). Alaska, for instance, used subpart 1 dollars to fund a broad family support program, which provided services to children at risk of abuse and neglect and their parents. The state also used subpart 2 funds to provide another family support program, which provides similar services to the same types of children and families. In addition, 17 states funded one or more individual services with funds from both subparts, so that subparts 1 and 2 were serving the same children and families.

Table 4: Number of States Using Funds from Each Subpart of Title IV-B to Target Specific Populations

Population type	Number of states providing services for this population type with subpart 1 funds[a]	Number of states providing services for this population type with subpart 2 funds[a]	Number of states providing services for this population type with both subpart 1 and subpart 2 funds
Children in foster care or parents with children living in foster care	20	29	15
Children at risk of child abuse or neglect and parents with children at risk of child abuse and neglect	20	34	20
Children waiting for adoption, adopted children, and adoptive parents	8	26	5
Foster parents	5	7	3

Source: GAO survey.

Note: This analysis is based on survey responses from 35 states with state-administered child welfare systems that provided population data for their subpart 1 services and 39 states with state-administered child welfare systems that provided population data for their subpart 2 services. Therefore, these data can only be generalized to states with state-administered child welfare systems. Due to the differences in information available from states with county-administered child welfare systems, we did not request data in the first county-administered survey on the types of children and families who received services funded by Title IV-B—these data were to have been obtained on the second survey.

[a]We did not collect data on the populations served for the category of staff salaries. In addition, we excluded population data for the category of administration and management expenses since these expenses are not targeted to a particular population of children and families.

In our second survey, we requested more detailed information about the populations served by programs funded by subparts 1 and 2, such as demographic and socioeconomic characteristics. However, few of the 17 states responding to the second survey were able to provide this kind of data. When asked about selected subpart 1 services, 10 of the 17 states were able to estimate the extent to which the same children and families

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receiving the identified service funded by subpart 1 also received services funded by subpart 2. Of children and families receiving the identified subpart 1 service,

- four states reported that generally none or almost none of the recipients also received a service funded by subpart 2,
- three states reported that generally less than half of the recipients received subpart 2 services,
- one state reported that all or almost all recipients received subpart 2 services, and
- two states provided varying estimates for different subpart 1 services.[19]

While none of the states we visited were able to provide data about the extent to which the same children and families were receiving services funded by both subparts 1 and 2, state officials in each of these states recognized some overlap among the types of populations participating in these services. Officials in California and New Jersey told us that they use subpart 1 for services to families that are involved with the child welfare agency due to a report of abuse or neglect, while services funded by subpart 2 target a broader population, including families who are at risk of abusing their children. However, while some of the subpart 2 programs these officials described focused on this at risk population, many of them were targeted to families who were already involved with the agency. Officials at a California child welfare agency told us that all of the services provided by subparts 1 and 2 are targeted toward the same high-risk communities in which many people are involved with the agency, and they considered it likely that families receiving subpart 1 services have also received subpart 2 services in the past or will at some time in the future. Washington officials noted that children and families involved with the child welfare agency may receive multiple services, some of which may be funded by subpart 1 and some of which may be funded by subpart 2. Finally, although Ohio does not track clients served, one state official estimated that the types of children and families served by the programs funded by subparts 1 and 2 overlap by 100 percent.

[19]The second survey requested information about the three services receiving the largest portions of subpart 1 funding, so states generally only estimated the extent to which recipients of these services also received services funded by subpart 2. These data are not necessarily representative of other subpart 1 services or other states.

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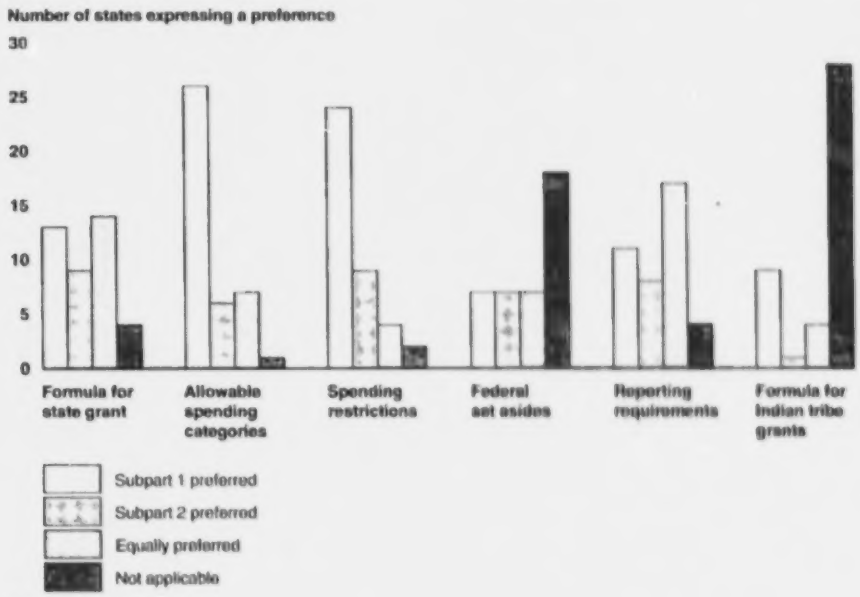
One New Jersey state official described the services funded by subparts 1 and 2 as part of a continuum of child welfare services, such that some population overlap is to be expected. In New Jersey, services funded by subpart 1 target families who are experiencing difficulties that may jeopardize the safety and well-being of their children. Programs funded by subpart 2 may also serve these families. However, they also target families who are not currently having difficulties, but who could become involved with the child welfare agency in the future. In addition, some subpart 2 programs serve adopted children, many of whom were previously involved with the child welfare agency and received services funded by subpart 1. None of the states we visited could provide data on the numbers of children and families who participated in services funded by subparts 1 and 2 dollars.

HHS Officials Believe Title IV-B Offers Flexibility While Targeting Prevention Activities, and States Emphasize the Need for Flexibility

Given the overlap observed between the two subparts, we discussed the potential advantages and disadvantages of consolidation with HHS regional officials and asked states for their perspective on our survey. Officials in almost all of HHS's regional offices said that Title IV-B should maintain its current balance between allowing states some flexibility and targeting some resources toward prevention. Officials in all regional offices told us that they believe states need some flexibility to use Title IV-B funds to address state specific child welfare needs as is currently the case under subpart 1. One regional office noted that subpart 1 gives states the flexibility to address unexpected circumstances affecting the child welfare system—for example, by developing substance abuse treatment programs to address the needs of parents affected by the cocaine epidemic of the 1980s. Similarly, officials in three states we visited felt strongly that the flexibility to direct the use of subpart 1 funds for state priorities was important and they would not want to lose this flexibility in any consolidated program. Our survey results also indicate that the flexibility to use subpart 1 to meet the needs of their child welfare systems is important to states. For example, when asked about their preference between subparts 1 and 2 with regard to different program components, 24 and 26 states, respectively, reported that they preferred subpart 1 when considering (1) spending restrictions on the percentage of funds that can be used for specific services and (2) allowable spending categories (see fig. 2). When asked about the advantages and disadvantages of Title IV-B's current structure, several states cited the spending restrictions of subpart 2 as a disadvantage, while a couple of states mentioned the flexibility associated with subpart 1 as an advantage.

Figure 2: Survey Data on States' Preferences between Subparts 1 and 2 of Title IV-B for Different Program Components



Source: GAO survey data.

Note: Data on state preferences are based on responses from 46 states, although they did not all respond to each item.

At the same time, officials in 8 of HHS's 10 regional offices also stressed the importance of subpart 2 to ensure that states use some funds on family support services and prevention activities to help preserve families and keep children from entering foster care. Several regional offices expressed concern that, in the absence of the minimum spending requirements outlined in subpart 2, states would neglect preventive services, while using Title IV-B funds for more urgent services, such as CPS or foster care. One state we visited expressed opposition to consolidation for this reason, arguing that keeping a separate subpart 2 was important to ensure that states fund some prevention services. State and county officials in this state noted that subpart 2 represents an important federal investment in prevention services and expressed concern that states would use all available funds to provide services to families already involved with the child welfare agency unless funds were specifically targeted for services to support families at risk of abusing or neglecting their children. In addition,

on our survey, several states cited the prevention focus of subpart 2 as an advantage of Title IV-B's current structure.

Officials in 8 of HHS's regional offices said that they believe that the current structure of Title IV-B offers a good balance between flexibility and targeting resources toward prevention.[20] Officials in the other 2 regional offices told us that Title IV-B provides a good mix of flexibility and a focus on services considered to be federal priorities. One regional office noted that a consolidated Title IV-B program could be structured to offer this balance. For example, a consolidated program could require some minimum spending levels for the current subpart 2 categories, but also set aside some funds that states could use for a broader array of child welfare services. In addition, most of the regional offices did not believe that consolidation would lead to any significant administrative savings. For example, several regional offices explained that consolidating the subparts would not reduce HHS's oversight responsibilities, while another noted that consolidation would have little impact on HHS regional or state offices, which are staffed and organized to manage multiple sources of funding. Another regional office noted that the planning and reporting requirements for the two subparts are already consolidated in the planning documents states submit to HHS.

State and local child welfare officials in one state, along with officials at 2 HHS regional offices, commented that increasing the funds available for service provision was more critical than consolidating the two subparts. They believe that states need more federal funds to provide services to prevent foster care placements, such as an increase in funds available under Title IV-B or more flexibility to use Title IV-E funds to provide services, rather than paying primarily for foster care maintenance payments as it currently does. Since 1994, states have been able to apply for demonstration waivers to use federal child welfare funds to test innovative foster care and adoption practices without regard to certain restrictions in Titles IV-B and IV-E. For example, four states are using demonstration waivers to create fixed Title IV-E budgets for counties within the state in which funds can be used more flexibly for prevention and community-based services not traditionally reimbursed by Title IV-E.

[20]Several officials noted that allowing a little more flexibility with the 20 percent spending requirement for subpart 2 could provide some additional flexibility to states without having to seek approval from HHS. For example, staff in one regional office suggested that requiring states to spend no less than 10 percent and no more than 40 percent of subpart 2 funds in any service category would offer this additional flexibility.

However, HHS's authority to approve such waivers is scheduled to expire at the end of fiscal year 2003. States may soon have another mechanism to use Title IV-E funds to provide preventive services through the child welfare option HHS is currently proposing.

HHS Focuses Oversight on Overall Child Welfare System, but Has Limited Knowledge about States' Use of Subpart 1 Funds

HHS's oversight focuses primarily on states' overall child welfare systems and outcomes, but the agency provides relatively little oversight specific to subpart 1. For example, HHS regional offices work with states to establish overall goals to improve the safety, permanency, and well-being of children and measure progress toward those goals. However, HHS has limited knowledge about how states use their subpart 1 funds. HHS does not collect data on subpart 1 expenditures and instead requires states to submit annual estimates about how they plan to use their subpart 1 funds in the upcoming year. HHS regional offices reported that they review these estimates for relatively limited purposes, with several HHS officials noting that they do not review the spending plans for subpart 1 as closely as subpart 2 because subpart 1 has few restrictions as to how these funds can be used. We also found that HHS regional offices pay little attention to statutory limits on the use of subpart 1 funds for foster care maintenance and adoption assistance payments.[21] As a result, HHS approved projected 2002 spending plans for 15 states that reported planned spending amounts that exceeded these spending limits. In response to our survey, 10 states reported actual 2002 subpart 1 expenditures that exceeded the spending limits by over $15 million in total.

HHS Focuses Much of Its Oversight on States' Overall Child Welfare Systems and Outcomes

HHS focuses much of its programmatic oversight on the overall child welfare system in each state, rather than focusing specifically on subpart 1 or any other federal funding source. In discussing their oversight of subpart 1, several HHS officials at headquarters and in the regional offices emphasized the importance of reviewing the overall child welfare system and the outcomes achieved, rather than scrutinizing individual programs outside of that context. A major component of HHS's subpart 1 oversight is having the regional offices actively work with states to develop

[21]The statutory limit also includes payments for child care services required due to a parent's employment or training needs. However, only two states reported any planned subpart 1 spending on this type of child care service for fiscal year 2002. For the purposes of this report, we mention only foster care maintenance and adoption assistance payments when referring to subpart 1 limits, although we did include planned spending on child care in our analyses of states' planned subpart 1 spending.

appropriate goals for their child welfare systems and ensure that available funds, including subpart 1, are used to support those goals. To receive Title IV-B funding, HHS requires states to submit a Child and Family Services Plan, which covers a 5-year period and describes the state's goals and objectives toward improving outcomes related to the safety, permanency, and well-being of children and families. This 5-year plan includes a description of services and programs the state will pursue to achieve these goals.

In addition to the 5-year plan, HHS requires states to submit an Annual Progress and Services Report (APSR) each year to discuss their progress in meeting the goals outlined in their plans and revise the goals as necessary. Regional HHS staff review this planning document to ensure that they meet all the technical requirements outlined in the annual program instructions issued by HHS. For example, states must certify that, in administering and conducting services under the 5-year plan, the safety of the children to be served shall be of paramount concern. In addition, some regional offices reported that they review the state's objectives and goals to determine if they are reasonable, assess the progress the state has made in achieving these goals and objectives, and determine whether child welfare services are coordinated with the efforts of other agencies serving children. Some regional officials noted that states are still struggling to use these documents appropriately for planning purposes. These officials told us that instead of focusing on outcomes and collecting data to measure progress toward those outcomes, frequently states simply describe their current programs.

In addition to reviewing planning documents, all of the regional offices consult regularly with states to discuss child welfare issues and provide technical assistance.[22] For example, the regional office may provide guidance on how to comply with specific program regulations or how to develop a 5-year plan that will function as a strategic plan for the state's child welfare agency. Two regional offices told us that they also conduct site visits to states as part of their oversight. One regional office reported visiting states in its region to gain a better understanding of each state's child welfare services. This allows the regional office to share good ideas with other states and to ensure that states are working on areas the

[22]In addition, HHS funds eight national resource centers to disseminate information on best practices and provide technical assistance to help states implement federal legislation intended to ensure the safety, permanent placement, and well-being of children who enter the child welfare system.

regional office has identified as in need of improvement. Other regional offices reported that they would like to conduct site visits to states under their purview, but a lack of travel funds prevented them from doing so.

The CFSR process is an additional tool HHS uses to ensure that states conform with federal child welfare requirements and to help states improve their child welfare services. Staff at one regional office described the CFSR as a thorough review of the services funded by different federal programs, such as Title IV-B. They consider the CFSR an important complement to a state's planning documents—it gives them an opportunity to determine whether states are providing the services they report in their planning documents and whether those services are adequate and appropriate to meet the needs of the state's children and families.

CFSR results for the past 2 years indicate that states have not performed strongly in terms of assessing families to determine what services they need and providing those services. While 21 of the 32 states that underwent a CFSR in 2001 or 2002 were considered to have an appropriate array of services for families, HHS found that the accessibility of services was a particular weakness in that many services were either not available statewide or had long waiting lists or other barriers to accessibility. When HHS reviewed case files, however, it determined that 31 of these states needed improvement in terms of assessing family needs and providing services to meet those needs. When asked about HHS's role in guiding states' use of subpart 1 funds to address weaknesses identified by the CFSRs, an HHS official told us that the agency provides technical assistance to states to help them determine the most effective use of their resources. However, the official also pointed out that HHS gives states a lot of latitude to determine the most appropriate use of their subpart 1 funds and that the agency cannot become too involved in state budget decisions given the complexities of the budget processes for states.

HHS Has Little Information about States' Use of Subpart 1 Funds

HHS has little information about states' use of subpart 1 funds. Each year, HHS requires states to submit a form CFS-101, which includes state estimates of the amount of subpart 1, subpart 2, and other federal funds the state plans to spend in the upcoming year on different categories of services (such as family support or CPS). The descriptions provided by regional office staff of their review of these estimates indicate that they review them for relatively limited purposes. Officials in 4 of the regional offices told us that they generally use the CFS-101 data to ensure that states request the total amount of subpart 1 funds to which they are

entitled and that they comply with the requirement to match 25 percent of subpart 1 funds with state funds. Most regional offices indicated that their reviews of the CFS-101s focus more on subpart 2 than subpart 1. For example, they reported that they review states' planned subpart 2 spending more closely to ensure that states are meeting the requirement that they spend at least 20 percent of funds on each of the service categories and spend no more than 10 percent of funds for administrative purposes. Several HHS officials reported that they do not monitor the use of subpart 1 funds as closely as other federal child welfare funds due to the relatively small funding amount and the lack of detailed requirements about how the funds can be used.

Moreover, the CFS-101 estimates may not provide reliable data as to how states are using subpart 1 funds. HHS officials explained that the CFS-101 data are estimates and that states' actual expenditures may vary from these estimates, as they address unforeseen circumstances. The timing for submitting the CFS-101 also affects how well states can estimate their planned subpart 1 spending. HHS requires states to submit their initial CFS-101 for the upcoming fiscal year by June 30, which forces states to estimate their planned spending before the final spending amounts for Title IV-B and other federal funds have been appropriated.[23] Some regional officials indicated that they did not know how well states' CFS-101 estimates reflect their actual subpart 1 spending. We did not conduct a review of the reasonableness of the data states submit on their CFS-101s, but we did identify a few instances that suggested that the data are not always accurate. Two states with county-administered child welfare systems told us that they do not have reliable data to allow them to accurately estimate planned spending.[24] A child welfare official in one of these states told us that its CFS-101 data represented its "best guess" as to how subpart 1 funds will be used, because the state distributes these funds to county child welfare agencies and does not collect any data on how the

[23]For example, the CFS-101 for fiscal year 2002 was due by June 30, 2001. Because they are submitted before final appropriations have been enacted, a state might not request the full amount of funds to which it is entitled, if the final appropriation is greater than the state's initial estimate. States must submit a revised CFS-101 by June 30, 2002, to request any additional fiscal year 2002 Title IV-B funds that might be available to them once appropriations are finalized. In addition, states can request additional Title IV-B funds if other states do not use the total funds to which they are entitled.

[24]While most states administer their child welfare systems at the state level, a handful of states delegate administrative responsibility and substantial control to counties or other local entities. Several large states, such as California, New York, Ohio, and Pennsylvania, are county-administered.

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counties use these funds. The other state told us that its current CFS-101 data are most likely based on county data from several years ago and that counties may now be spending subpart 1 funds on different services.

HHS does not require states to provide any additional data about their use of subpart 1 funds, such as their subpart 1 expenditures for specific services.[25] As a result, several regional offices noted that they have no way of knowing how states actually spend their subpart 1 funds. An official from one regional office explained that the only way to determine how a state actually uses its Title IV-B funds is to review its financial accounts, which HHS does not do. Some regional officials suggested that it would be helpful to have actual expenditure data for both Title IV-B subparts, especially to determine if states were actually using 20 percent of their subpart 2 funds for each of the four required service categories. Three regional offices indicated that they have begun asking states to provide Title IV-B expenditure data.

HHS Regional Offices Are Unaware of Subpart 1 Spending Limits or Do Not Enforce Them

Given that HHS's subpart 1 oversight focuses primarily on a state's overall child welfare goals and outcomes, the regional offices pay little attention to the statutory limits on the use of federal subpart 1 funds for foster care maintenance and adoption assistance payments. Most HHS regional offices do not review the CFS-101s for compliance with the statutory limits. In addition, HHS's annual program instruction, which details what information states must include in their CFS-101 submittals and serves as the basis for the regional offices' review of subpart 1 spending, does not mention the subpart 1 limits.

Only 1 of HHS's 10 regional offices told us that it compares states' planned subpart 1 spending reported on the CFS-101 with the actual dollar limit for each state to ensure that states observe the statutory limits. This office used an HHS program instruction for 1979 listing each state's subpart 1 allocation to determine the ceiling on foster care maintenance and

[25]States are required to submit general reports on their total subpart 1 expenditures, but these provide no data on how the funds are actually used. Per instructions from the Office of Management and Budget, agencies must require states receiving federal grants to complete a financial status report (SF 269), providing general information on state expenditures. For example, the form might indicate that a state spent $10 million in subpart 1 funds in a specific fiscal quarter, but it provides no details on how the $10 million was used.

adoption assistance payments.[26] In contrast, 5 regional offices were unaware that any limits on the use of subpart 1 funds existed, although 1 of these offices indicated that it generally did not consider it appropriate for states to use subpart 1 funds for foster care maintenance payments because subpart 1 should be used to fund services for families. Nonetheless, this office approved a CFS-101 for 1 state that exceeded the statutory limits. Four other regional offices were aware that some limitations with regard to foster care maintenance and adoption assistance payments existed, but did not ensure that states complied with the limits.

These 4 regional offices provided several reasons for why they did not monitor states' planned spending for compliance with the subpart 1 limits. Two regional offices indicated that HHS had provided no guidance as to how such limits should be enforced or that no data were available to calculate subpart 1 limits for each state. The third regional office reported that it did not have the specific ceiling amounts for each state. However, officials in this office said they reviewed planned subpart 1 spending for foster care maintenance and adoption assistance payments on the CFS-101 to determine if they had increased from the previous year. If the amounts had not increased, the regional office assumed that someone had checked the amounts previously and that they were within the limits. This regional office approved CFS-101s for 2 states in the region that reported planned subpart 1 spending for foster care maintenance and adoption assistance payments in excess of the limits. The fourth regional office told us that, in the past, it had a list of the maximum spending limits for each state in its region and that it had previously checked states' CFS-101s to ensure that planned spending did not exceed the limits. However, the regional office no longer conducts such reviews; regional officials said that they consider the limits to be meaningless because state funds spent on child welfare services greatly exceed subpart 1 funds. In other words, any attempt to enforce the limits would only lead to changes in how states accounted for their funds—if a state was spending $1 million in state funds on CPS investigations and $1 million in subpart 1 funds for foster care maintenance and adoption assistance payments, the state could simply switch state and subpart 1 funding so that state funds paid for the foster care maintenance and adoption assistance payments, while subpart 1 funding paid for CPS investigations.

[26]Each state's ceiling on the use of subpart 1 funds for foster care maintenance and adoption assistance payments is based on its total 1979 subpart 1 expenditures for all types of services.

This lack of review led HHS to approve CFS-101s for 15 states that reported fiscal year 2002 planned subpart 1 expenditures for foster care maintenance and adoption assistance payments that exceeded the statutory limits (see fig. 3).[27] The dollar amounts by which the subpart 1 spending estimates surpassed the limits were small in some cases, but large in others. For example, Georgia reported that it planned to spend $1,497,000 of subpart 1 funds for these purposes in 2002, which would exceed its statutory limit by $1,558. At the other extreme, Florida's CFS-101 indicated that it planned to spend over $9 million, which was more than $7 million over the maximum allowable spending of $1.9 million. In total, these 15 states submitted planned subpart 1 spending estimates for foster care maintenance and adoption assistance payments that would exceed the statutory limits by over $30 million. Moreover, 13 of these 15 states submitted fiscal year 2003 CFS-101s with planned subpart 1 spending above the statutory ceiling, which were approved by HHS.

[27]In most cases, we reviewed the final revised CFS-101 approved by HHS. For 1 state, however, we used the initial CFS-101 approved by HHS because it included planned subpart 1 expenditures that exceeded the limits for foster care and adoption assistance payments. Although the revised CFS-101 did not show that the state planned to exceed the limit, we used the initial CFS-101 to show that HHS had previously approved a spending plan that did not comply with the statutory limits. In addition, we were unable to determine whether the planned fiscal year 2002 subpart 1 spending for 5 other states exceeded the limits because HHS approved their CFS-101s with flawed data. These 5 states—Iowa, Nevada, New Hampshire, New Jersey, and New Mexico—all reported planned subpart 1 spending for foster care maintenance and adoption assistance payments in excess of the statutory limits. However, although states are supposed to separately estimate planned spending for the federal portion of their subpart 1 funds on the CFS-101, these 5 states included the state match and/or other funds in their estimates. In these cases, we could not determine whether the spending plans exceeded the statutory limits for federal subpart 1 funds. States are allowed to use all of their state matching funds for foster care maintenance or adoption assistance payments.

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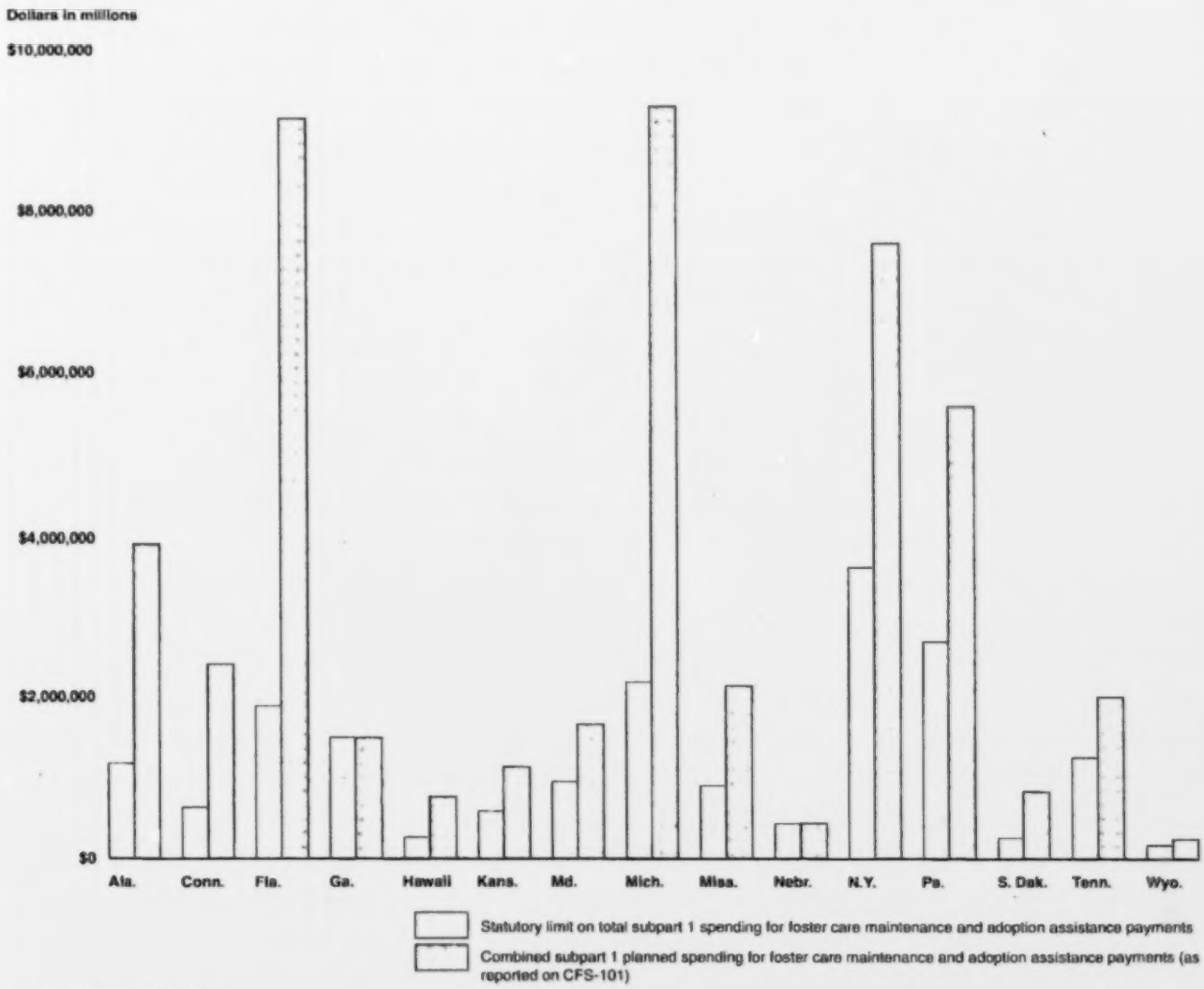
Figure 3: Fifteen States with Approved CFS-101s with Fiscal Year 2002 Subpart 1 Spending Estimates that Exceeded Limits for Foster Care Maintenance and Adoption Assistance Payments



Source: GAO analysis of HHS data.

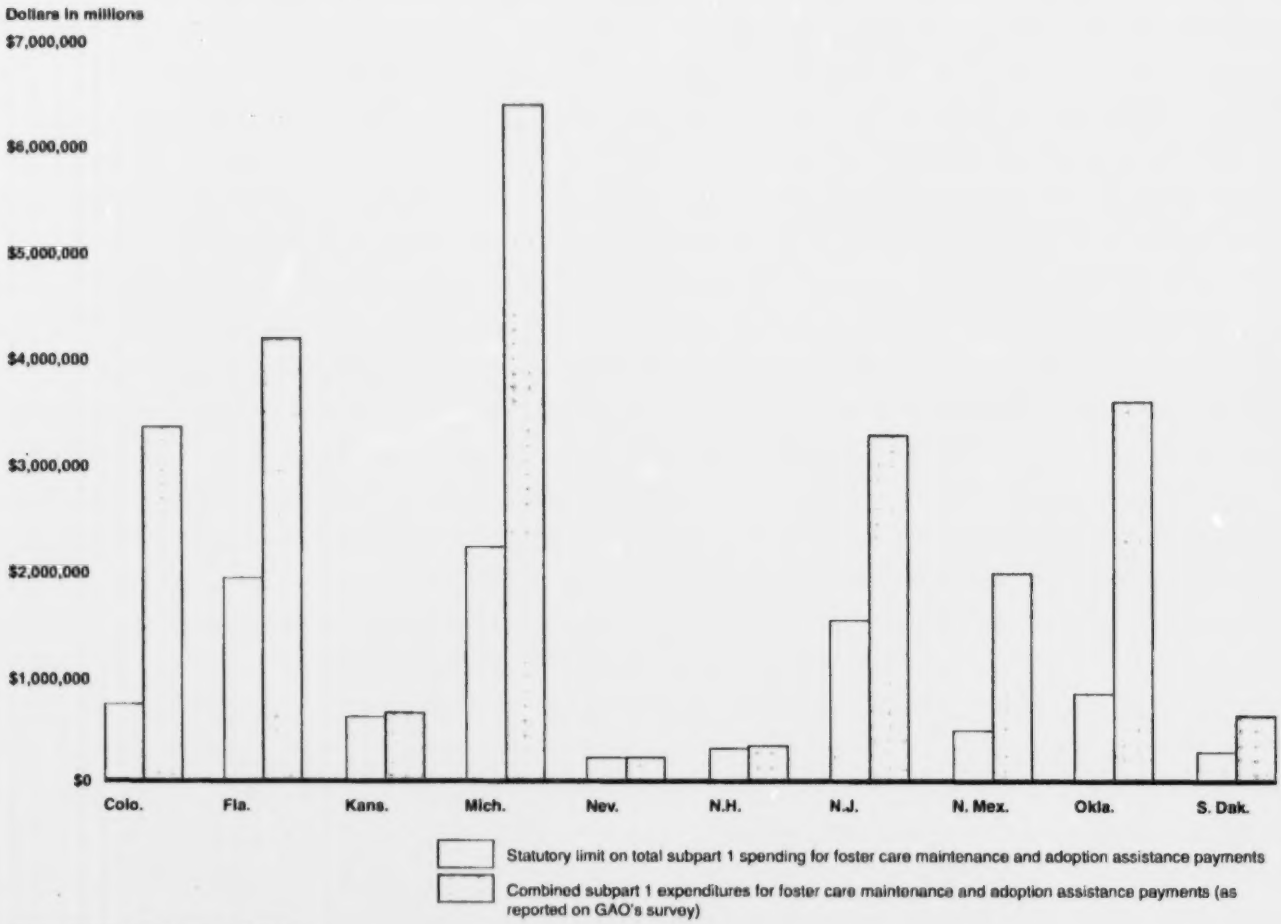
Several regional offices noted that they judge the appropriateness of subpart 1 spending on foster care maintenance and adoption assistance payments in the context of a state's overall child welfare system. For

example, these regional offices said that they are not concerned about a state planning to spend significant proportions of its subpart 1 funds on foster care maintenance and adoption assistance payments if they believed the state had a strong child welfare system with an appropriate array of services. Regional office staff said they would, however, ask a state to reconsider its funding strategy if the state were performing poorly. However, many of the states with approved CFS-101 subpart 1 estimates above the statutory ceilings did not achieve strong outcomes on their CFSR evaluations with regard to providing needed services and having an appropriate array of services. HHS has conducted CFSRs on 12 of the 15 states with approved CFS-101s over the subpart 1 spending limits and determined that appropriately assessing family needs and providing services to address those needs was an area needing improvement in 11 of the 12 states. In addition, 6 of the 12 states were also determined to need improvement in terms of having an appropriate array of services to meet the needs of families in the state.[28]

We also compared our survey data on states' fiscal year 2002 subpart 1 expenditures for foster care maintenance and adoption assistance payments with the statutory limits and found that 10 states reported spending subpart 1 funds on these payments that exceeded the legal limits (see fig. 4). As with their planned spending estimates, states' subpart 1 actual spending for foster care maintenance and adoption assistance payments exceeded the statutory limits by varying amounts. Michigan, for example, reported on our survey that it spent over $6 million on foster care maintenance payments in fiscal year 2002—well over its $2.2 million limit for such payments—while New Hampshire's use of subpart 1 for foster care maintenance and adoption assistance payments was only about $27,000 above its limit. In total, these 10 states reported subpart 1 expenditures for foster care maintenance and adoption assistance payments that exceeded the statutory limits by over $15 million. Our survey results may underestimate the number of states with subpart 1 spending over the statutory limits, because several states reported on our survey that they used subpart 1 for foster care maintenance or adoption assistance payments, but were not able to identify the specific dollar amount of subpart 1 funds used for these purposes.

[28]Nine of the 12 states were also cited as needing improvement in ensuring that needed services are accessible to families in all areas of the state and 8 of the 12 states were categorized as needing improvement in terms of individualizing services to meet the unique needs of individual families.

Figure 4: Ten States That Reported Fiscal Year 2002 Subpart 1 Expenditures Exceeding Limits for Foster Care Maintenance and Adoption Assistance Payments



Source: Analysis of GAO survey and HHS data.

Four of these 10 states with subpart 1 expenditures over the statutory limits were also part of the 15 states with CFS-101s that indicated planned

spending above the limits.[29] The remaining 6 states did not report estimated subpart 1 spending over these limits.[30] For example, Colorado did not report any planned subpart 1 spending for foster care maintenance or adoption assistance payments. On our survey, however, the state reported using over $3 million in subpart 1 funds for these purposes, well over its $700,000 limit.

Some Unique Subpart 1 Service Categories Exist at the State Level, but Little Research Exists on the Effectiveness of These Services

Little research is available on the effectiveness of unique services funded by subpart 1 because few states have evaluated these services. While our survey data revealed no unique categories of services funded by subpart 1 on a national level, 37 states reported categories of services that were uniquely funded by subpart 1—that is, the individual state used subpart 1, but not subpart 2, to fund services in a particular category. For example, Delaware funded two CPS programs with subpart 1—assessments of a caregiver's parenting ability and legal services to represent the child welfare agency in court cases—but did not use any subpart 2 funds for this service category. We contacted the states with unique service categories in their states (other than administration, staff salaries, adoption assistance payments, or foster care maintenance payments) and none of these states had conducted rigorous evaluations of these services, although several states provided some data on the effectiveness of services included in these categories. Our literature review on the effectiveness of child welfare practices identified research for some of these unique service categories, such as certain types of family preservation programs. With two exceptions, however, it did not identify any evaluations of the specific services included in these categories.

The most common service categories for which individual states used only subpart 1 funds were CPS, foster care maintenance payments, and staff salaries. The 37 states generally reported 1 or 2 unique categories, with 14 states reporting 1 unique category and 1 state reporting a high of

[29]Of the 15 states with planned spending above the limits, 8 reported subpart 1 expenditures within the statutory limits, 4 reported subpart 1 expenditures above the limits, and 3 did not separately identify foster care maintenance and adoption assistance payments on their surveys.

[30]Four of the 6 states included state matching funds in their CFS-101 estimates, so we could not determine whether the spending plans for those states exceeded the statutory limits.

6 categories.[31] Examples of unique subpart 1 services in the CPS category include specialized investigations of reports of child abuse or neglect, telephone hotlines to report incidents of child abuse or neglect, and temporary shelter services for children removed from their homes at times when no other placement option is available, such as evenings and weekends. States also provided other types of services that were funded uniquely by subpart 1. For example, Minnesota provided intensive in-home services to prevent children from being placed in foster care, North Carolina contracted for legal services with the state's Attorney General's office, and Maine helped adopted youth pay for post-secondary education costs.

Our review of child welfare literature and Internet sites that identified promising child welfare practices found few studies that evaluated the effectiveness of the specific services that states funded uniquely with subpart 1 funds. Based on the information provided on our survey, we identified evaluation research on two of these services. Texas used subpart 1 to fund its Home Instruction For Parents of Preschool Youngsters (HIPPY) Program. The goal of HIPPY is to prevent academic underachievement of children when they enter school. HIPPY works with parents in their homes or in parent group meetings to increase the degree and variety of literacy experiences in the home. The program also seeks to prevent child abuse by enhancing parent-child interactions and focuses on economically disadvantaged parents who may not be involved in parenting programs. While Texas has not formally evaluated this program, the model has been evaluated in other states. Strengthening America's Families, a Web site about effective family programs to prevent juvenile delinquency funded by the Office of Juvenile Justice and Delinquency Prevention, cites HIPPY as a model program for which evaluations have shown positive effects on children's measured competence and classroom behavior at the end of second grade for children who participated in HIPPY compared with children with no formal preschool experience.[32] In addition, a 1999 article summarizing research on the HIPPY program found mixed results. For example, an evaluation in New York found that children whose parents participated in HIPPY in 1990 outperformed control group

[31]Virginia did not provide any data on its subpart 2 spending, so we were not able to determine whether the state uniquely funded any service categories with subpart 1. New York does not receive any subpart 2 funds, so we considered all services funded by subpart 1 to be unique.

[32]See http://www.strengtheningfamilies.org/html/programs_1999/22_HIPPY.html.

children on measures of classroom adaptation and reading scores 1 year later, but children whose parents participated in HIPPY in 1991 had similar outcomes as children in the control group. The article suggested that variability in how the program is implemented and in parental commitment to the program may explain the mixed results.[33]

Missouri funded an alternative response system with subpart 1 funds, which offers assessment services (rather than an investigation) for families that are the subject of a report of abuse or neglect when the risk to the child is not considered high to determine if the family needs services to reduce the risk of harm to the child. By responding to low risk reports of abuse or neglect in a nonaccusatory manner, the goal is to encourage families to collaborate in identifying their needs and cooperate with supportive services. A 1998 evaluation of Missouri counties testing the state's alternative response system found that the safety of children was not compromised by the lack of an investigation and that, compared to counties that were not using the alternative response system, needed services were delivered more quickly, subsequent reports of abuse or neglect decreased, and the cooperation of families improved. An evaluation of Minnesota's alternative response systems has also shown promising results. For example, initial results from the randomized experimental evaluation showed an increase in the use of community services with no increase in subsequent reports of abuse or neglect.

Of the 37 states that reported unique subpart 1 service categories, we asked the 22 states with unique subpart 1 service categories other than foster care maintenance payments, adoption assistance payments, staff salaries, or administration, whether they had evaluated the effectiveness of the programs included in their unique categories. None of these states had conducted rigorous evaluations of the effectiveness of these services using randomly selected control groups.[34] One official explained that few states can afford to divert resources from providing direct services to

[33]The Future of Children, "The Home Instruction Program for Preschool Youngsters (HIPPY)" (Los Altos, CA: Spring/Summer 1999).

[34]While few states had evaluated their unique subpart 1 services, 4 of the 17 states responding to our second survey indicated that they had evaluated other subpart 1 services that were not unique.

conducting formal evaluations of programs, given the tremendous service needs of families involved with the child welfare system.[35]

However, 5 states provided some information on the outcomes of the services they funded uniquely with subpart 1. North Dakota used subpart 1 dollars to uniquely fund a component of its family preservation program—family focused services—which the state characterized as a family reunification service. The state provided us with a draft evaluation report of its family preservation program, which includes this specific service. The family preservation program is intended for families with children at risk of being placed in foster care and offers a range of services, including parent aides who provide hands-on parenting education and therapists who are available 24 hours a day to work with the family in the home to address the issues that may result in the children being removed from the home. The evaluation of its total family preservation program found that families receiving services and the social worker involved with the families both reported improved family functioning upon completion of the services compared to their functioning prior to the services. The study also found that fewer children were at risk of being placed in foster care upon completion of services. However, the evaluation did not include any control group to determine if these results would have been achieved if families had not received these services.[36]

Massachusetts used some of its subpart 1 funds to pay for a contractor to operate a telephone service for reports of child abuse or neglect that are received in the evenings and on weekends. Officials from Massachusetts provided an internal study conducted in February 2000 that discussed problems with this telephone service, most notably limited staff and resources to handle an increasing volume of calls. The report recommended several actions to improve the operation of the telephone service, including an increase in staff to field telephone calls, upgrading

[35]Some national research exists for some of the unique service categories at the state level; however, the extent to which the research is applicable to the specific services in the unique subpart 1 categories is difficult to determine. For example, in some cases, the service in a unique subpart 1 category was not based on the same model that was evaluated or states did not provide sufficient information on our survey to determine whether the program was based on this particular model. Therefore, we do not discuss this research in our report.

[36]A number of evaluations of similar types of family preservation programs have found that children in control groups also had low rates of out-of-home placement, raising questions about the effectiveness of these services.

the telephone system so that fewer people receive a busy signal, and increasing the number of beds available for emergency placements in the evenings and on weekends. Arizona also funded its child abuse telephone hotline uniquely with subpart 1 funds and provided the following statistics. In fiscal year 2003, 69 percent of calls to the hotline were answered without any wait. Of the calls that were not answered directly, the average wait time was 3.5 minutes and about 13 percent of calls were abandoned. In addition, quality assurance staff reviewed over 17,000 calls for which it was determined that the report did not meet the state's criteria for a CPS report requiring investigation and changed only 15 of these to a CPS report.

Missouri funded several CPS services with subpart 1 funds, including intensive in-home services for children at imminent risk of removal from the home- and family-centered services for families for whom an investigation determined services are needed to eliminate the risk of harm to the child. Missouri provided two annual reports for fiscal year 2002 that provide some data on the outcomes of these services. Consumer surveys indicated that many families found the intensive in-home services useful, and the annual report on the intensive in-home services indicated that 88 percent of at-risk children were still with their families when services ended after approximately 6 weeks. In addition, 79 percent of children who exited the program in 2001 were still at home 1 year after services ended. With regard to family centered services, the annual report indicated that over 70 percent of families had achieved their goals at the time their case was closed. Wisconsin used subpart 1 to fund a Youth Aids Program, in which the state provides grants to counties to provide services to prevent the placement of children in correctional facilities and other out-of-home care. The state has not evaluated services provided by the counties, but a 1995 report notes that in the first several years of operation, this program produced major reductions in institutional placements and helped encourage the development of community-based resources.[37] Over time, however, an increase in youth crime has led to large increases in institutional and out-of-home care, so that much of Youth Aids funding at the time was reported to be used for out-of-home placements.

[37]Ira M. Cutler, Alexandra Tan, and Laura Downs, *State Investments in Education and Other Children's Services: Case Studies of State Innovations* (n.p.: September 1995), http://www.financeprojectinfo.org/Publications/studies.html (downloaded Jul. 8, 2003).

Conclusions

Despite its relatively small funding level compared to other funding sources for child welfare services, Title IV-B represents an important federal commitment to providing supportive services to help preserve and reunify families. The primary emphases of the two subparts vary somewhat, but the range of services offered and the types of families served overlap significantly. In part because of the relatively small funding involved and the flexible nature of the funding, HHS does not provide in-depth oversight specific to Title IV-B subpart 1. Instead, HHS focuses much of its oversight efforts on states' progress toward the overall goals of their child welfare systems and the outcomes achieved by these systems. While this type of oversight is appropriate, HHS could provide valuable assistance to states by obtaining more concrete data about states' use of these funds and synthesizing these data with CFSR data on states' outcomes with respect to properly identifying the service needs of children and families and providing needed services. Such analyses could allow HHS to develop information on how investments in certain types of services correlate to improved outcomes for children, which could be shared with states to help them more effectively target their spending.

HHS could also use this enhanced knowledge of Title IV-B to help develop an appropriate accountability strategy for its newly proposed child welfare option. If enacted, the additional spending flexibility proposed—given the size of the Title IV-E allocations that would become available for spending on a variety of child welfare services—could have a significant impact on a state's child welfare system. Given the limited information available about the services funded with subpart 1 and the effectiveness of these services, as well as HHS's findings about the ability of states' to meet families' needs, ensuring that states use this flexibility to provide effective services will be critical to the success of this option. Opportunities also exist for HHS to continue to encourage states to conduct evaluations of the programs the states implement.

Recommendations

We recommend that the Secretary of HHS provide the necessary guidance to ensure that HHS regional offices monitor states' use of Title IV-B subpart 1 funds for compliance with statutory restrictions on the use of these funds. In addition, we recommend that the Secretary consider the feasibility of collecting basic data on states' use of these funds to facilitate its oversight of the program and to provide guidance to help states determine appropriate services to fund. For example, an analysis of how states' spending patterns correlate to outcomes—both positive and negative—from the CFSRs could yield useful information for this purpose.

Given that HHS is currently developing the new child welfare option that would allow states to use Title IV-E dollars for services similar to those provided under Title IV-B subpart 1, we further recommend that the Secretary use the information gained through enhanced oversight of subpart 1—as well as information it may have on states' use of subpart 2 funds—to inform its design of this option. For example, HHS could use this information to help states determine the most appropriate services to provide under this option.

Agency Comments

We provided a draft of this report to HHS for comment. The Department's Administration for Children and Families provided comments. These comments are reproduced in appendix II. ACF also provided technical clarifications, which we incorporated when appropriate.

ACF agreed with our recommendation that the Secretary of HHS provide the necessary guidance to ensure that HHS regional offices monitor states' use of Title IV-B subpart 1 funds for compliance with statutory restrictions on the use of these funds. ACF agreed to provide guidance to the regional offices to enable them to enforce the statutory limits on subpart 1 funds. However, ACF also noted that this limitation no longer serves a useful purpose and is incompatible with the current proposal to offer states much more flexibility in using other federal child welfare dollars. ACF said that it plans to explore ways to provide states flexibility with respect to the subpart 1 limits.

ACF disagreed with our recommendation to consider the feasibility of collecting basic data on states' use of subpart 1 funds. ACF said that it believes that its level of oversight is commensurate with the scope and intent of the program and minimizes states' reporting requirements. Rather than using information on Title IV-B expenditures to help states most effectively use their resources, ACF believes that its oversight is more appropriately focused on the CFSR process, which requires states to develop actions in response to weaknesses identified by the CFSR and which measures the impact of these actions on actual outcomes. In ACF's opinion, analyzing how states' spending patterns correlate to CFSR results is not useful, given the lack of a direct relationship between the relatively small Title IV-B funding levels and the broad outcome areas of safety, permanency, and well-being. In addition, ACF noted that any data collected on subpart 1 expenditures would be outdated because states have 2 years to spend Title IV-B expenditures and are not required to report final expenditures until 90 days after the 2-year period has ended.

We believe, however, that assessing the feasibility of collecting some basic data on states' subpart 1 expenditures could enhance ACF's overall oversight of states' child welfare operations and outcomes. While the impact of states' program improvement efforts under the CFSR process is unknown because states are just getting these efforts underway, the service deficiencies identified by the CFSRs suggest that states could benefit from some guidance on the services that are associated with positive CFSR outcomes. An analysis of how states' spending patterns correlate to CFSR outcomes need not be limited to subpart 1 spending; such an analysis could help to identify effective services (regardless of funding source) that are associated with positive CFSR outcomes and help states target their subpart 1 and other funding sources more effectively. Furthermore, we do not believe that 2-year old data on subpart 1 expenditures are necessarily outdated; rather, we believe such data would provide better information on states' use of subpart 1 funds than states' current estimates of planned spending. In addition, ACF could request expenditure data for a shorter period, such as a year or a quarter or whatever time period best fits states' other reporting requirements.

ACF did not comment on our recommendation that it use the information gained through enhanced oversight to inform its design of its child welfare option. However, we believe that guidance on services associated with positive CFSR outcomes could also help states that choose to participate in the proposed child welfare option to manage their fixed Title IV-E funding. ACF also commented on our finding that the services provided and families served under subparts 1 and 2 overlap to some extent. Specifically, ACF noted that by not permitting the funds, services, and families to overlap, ACF would significantly impede the functionality of the continuum of child welfare services funded by Title IV-B and other federal funding streams and possibly lead to families not receiving needed services. While we described the overlap in services provided and families served, we did not state or imply that such overlap was inappropriate or unnecessary.

We also provided a draft of this report to child welfare officials in the 4 states we visited (California, New Jersey, Ohio, and Washington). Officials from California and Washington provided a few technical clarifications that we incorporated, while New Jersey and Ohio did not have any comments. In addition, Washington expressed concern that our recommendations for HHS to (1) ensure that the regional offices monitor states' use of subpart 1 funds for compliance with the statutory limits and (2) consider collecting data on states' use of these funds will add to the reporting burden of states without providing additional funds to offset that

burden. We recommended that HHS consider the feasibility of collecting such data and would expect HHS to take into account the burden placed on states in making this decision.

We are sending copies of this report to the Secretary of HHS, appropriate congressional committees, state child welfare directors, selected county child welfare directors, and other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at http://www.gao.gov.

If you have any questions, or wish to discuss this report further, please call me at (202) 512-8403 or Diana Pietrowiak at (202) 512-6239. Key contributors to this report are listed in appendix III.

Sincerely yours,

Cornelia M. Ashby

Cornelia M. Ashby
Director, Education, Workforce,
and Income Security Issues

Appendix I: Scope and Methodology

To determine how the services provided and populations served under subpart 1 compare with those under subpart 2, we surveyed child welfare directors in all 50 states and the District of Columbia. We sent a survey to all states to obtain information on how they use Title IV-B funds. We also sent a second survey to certain states that responded to the first survey. We pretested both survey instruments in New Hampshire, Rhode Island, and Wisconsin and obtained input from several other states and from a Department of Health and Human Services (HHS) official. In January 2003, we mailed a copy of the first survey to the states, asking for specific data on state spending and populations served for subparts 1 and 2, as well as their opinions about the current structure of Title IV-B. To address differences in the administrative structure and reporting systems of state child welfare agencies, a different version of this survey was sent to states with county-administered child welfare systems.[1] We received responses from 47 states, although some states were unable to provide complete information.[2] To encourage as many states as possible to complete the survey, we conducted follow-up telephone calls to states that did not respond to our survey by the initial deadline. After a state responded to the first survey, we mailed the second survey, requesting more detailed information on the three services receiving the largest portions of subpart 1 funding and the three services receiving the largest portions of subpart 2 funding. The second survey also asked for copies of any existing evaluations of the effectiveness of these services. We sent the second survey to the 30 states that provided sufficient data on their first survey by mid-April 2003 and received responses from 17 states.[3]

We did not independently verify the information obtained through either survey. The responses of the 47 states to the first survey can be used to explain how the 50 states and the District of Columbia in general used Title IV-B funds. Since we received responses from only 17 states for our second survey, they may not be representative of all states. Consequently, we have used these data only as examples or for illustrative purposes. As a result, we based our analyses of the populations of children and families

[1]The following 7 states completed the county-administered survey version: Colorado, Georgia, Maryland, Minnesota, New York, Pennsylvania, and Wisconsin.

[2]We did not receive responses from the District of Columbia, Indiana, Kentucky, or Montana.

[3]The 17 states that responded to the second survey were Arkansas, Delaware, Florida, Hawaii, Illinois, Kansas, Louisiana, Massachusetts, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Vermont, Washington, and Wyoming.

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served on data from our first survey. However, states that completed the county-administered version of the survey did not provide data on the types of children and families who received services funded by Title IV-B and were not included in these analyses. As a result, the data on populations served by subparts 1 and 2 cannot be generalized to states with county-administered child welfare systems.

Data from both surveys were double-keyed to ensure data entry accuracy, and the information was analyzed using statistical software. On the first survey, we asked states to describe the nature of each service and select one service category that best characterized each program funded by Title IV-B, using the following choices: child protective services (CPS), family support/prevention programs, parent training programs, health programs, educational programs, substance abuse programs, counseling and mental health services, domestic violence programs, formal family preservation programs, family reunification programs, recruitment and training for foster/adoptive parents, adoption preservation services, administration and management, foster care maintenance payments, adoption subsidy payments, and other.

The data were analyzed using states' self-identified categories except in the following situations: (1) if a state clearly described a program as funding salaries for staff at the child welfare agency, we included these data under the staff category; (2) if a state used the "other" category for a service that clearly fell into one of the existing categories (writing in "foster care maintenance payments," for example), we revised the survey response to reflect the actual category; (3) if it appeared that a state mistakenly checked the wrong box; for example, we changed the category from CPS to family reunification if the program was described as a family reunification service; (4) if a state checked multiple categories, we reported these programs separately under "multiple responses;" (5) if a state did not check any categories, we selected a service category that best fit the description of the program and used "other" if the description did not clearly fall into one of our categories; and finally (6) if a state clearly described the use of Title IV-B funds as administrative, but categorized it in another category, we revised the survey to indicate that the funds were used for administration and management. Some states explained that Title IV-B funds were used to cover administrative expenses for a particular program and characterized the use of these funds based on the nature of the program. For example, a state might have selected family preservation program when Title IV-B funds were used for administrative expenses for that program.

As noted earlier in the report, we recognize that some states may not have separately identified administration or management expenses associated with a program and may have included these expenses in the program costs. For reporting purposes, we combined several service categories for which states reported spending small percentages of Title IV-B funds, such as parent training and substance abuse services, and reported these dollars in the "other" category.

We recognize that the service categories used are not necessarily mutually exclusive. For example, several HHS officials told us that the delineation between family support and family preservation services is not clear, so that 2 states providing the same services to the same types of children and families may report them in different categories. In addition, because the survey for states with state-administered child welfare systems asked them to choose one service category for each program, the reported service categories may not fully capture all relevant programs that fall into more than one service category. Inconsistencies in how states categorized services could have an effect on any measured differences between service categories.

To obtain more in-depth information on the services provided and the types of children and families served under Title IV-B, we conducted site visits in California, New Jersey, Ohio, and Washington. We selected these states to represent a range of geographic locations and subpart 1 spending patterns. In addition, because preliminary data indicated that significant subpart 1 funds were devoted to CPS, we selected states that used innovative CPS tools or processes. However, the experiences of these states are not necessarily representative of the experiences of any other state. During these site visits, we interviewed state and local child welfare officials and service providers and reviewed relevant documentation.

To learn about the federal government's role in overseeing subpart 1, we reviewed applicable laws and regulations and interviewed HHS central office officials. We also conducted interviews with HHS officials in all 10 HHS regional offices to discuss their oversight activities and reviewed results from HHS's CFSR reports. In addition, we reviewed states' CFS-101s for fiscal year 2002 and compared states' planned subpart 1 spending for foster care maintenance, adoption assistance, and child care payments with states' final subpart 1 allocations for fiscal year 1979 as reported on an HHS program instruction from that year. States are required to submit the CFS-101 by June 30 of the preceding year—June 30, 2001, for fiscal year 2002. At that time, federal appropriations for Title IV-B and other federal child welfare funds often are not yet finalized, so states base their

estimates on the previous year's allocation. States must submit a revised CFS-101 by June 30, 2002, to request any additional fiscal year 2002 Title IV-B funds that might be available to them once appropriations are finalized. In addition, states can request additional Title IV-B funds if other states do not use the total funds to which they are entitled. In most cases, we reviewed the final revised CFS-101s approved by HHS. For one state, we used the initial CFS-101 approved by HHS because it included planned subpart 1 expenditures that exceeded the limits for foster care maintenance and adoption assistance payments, but the revised CFS-101 did not. Although the revised CFS-101 did not show the state planned to exceed the limit, we used the initial CFS-101 to show that HHS had previously approved a spending plan that did not comply with the statutory limits.

We used our survey results to identify services unique to subpart 1—that is, categories of services funded by subpart 1 that are not funded by subpart 2. While no category of service was unique to subpart 1 at the national level, some states funded unique categories of services within their state with subpart 1. In our second survey, we asked states to provide a copy of any evaluations they had conducted of the three largest services funded by subpart 1. If we did not have survey data for one of the identified services, either because we did not send a second survey to the state or because the second survey did not ask for data on the particular service, we contacted the state directly to ask if any evaluation had been conducted.

In addition, to identify other evaluations on the effectiveness of the services in these unique categories, we conducted a literature review and interviewed child welfare research experts. The reports and Internet sites we reviewed included the following:

- Strengthening America's Families: Effective Family Programs for the Prevention of Delinquency (http://www.strengtheningfamilies.org/html/programs_1999/programs_list_1999.html).
- Child Welfare League of America's Research to Practice Initiative (http://www.cwla.org/programs/r2p/).
- Casey Family Programs: Promising Approaches to Working with Youth and Families (http://www.casey.org/whatworks/).

- Promising Practices Network on Children, Families, and Communities (http://www.promisingpractices.net/).
- U. S. Department of Health and Human Services, "Emerging Practices In the Prevention of Child Abuse and Neglect" (Washington, D.C.: n.d.).

We conducted our work between August 2002 and July 2003 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

AUG 21 2003

DATE:

TO: Cornelia M. Ashby
Director, Education, Workforce,
and Income Security Issues
General Accounting Office

FROM: Wade F. Horn, Ph.D.
Assistant Secretary
for Children and Families

SUBJECT: Comments on the GAO Draft Report, "Child Welfare: Enhanced Federal Oversight of Title IV-B Could Provide States Additional Information to Improve Services," (GAO-03-956)

Attached are the Administration for Children and Families' comments on the GAO Draft Report, "Child Welfare: Enhanced Federal Oversight of Title IV-B Could Provide States Additional Information to Improve Services,"(GAO-03-956).

Should you have questions regarding our comments, please contact Susan Orr, Associate Commissioner of the Children's Bureau, Administration on Children, Youth and Families, at (202) 205- 8618.

Attachment

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COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES (ACF) ON THE GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, "CHILD WELFARE: ENHANCED FEDERAL OVERSIGHT OF TITLE IV-B COULD PROVIDE STATES ADDITIONAL INFORMATION TO IMPROVE SERVICES," (GAO-03-956)

The Administration for Children and Families (ACF) appreciates the opportunity to comment on the General Accounting Office's (GAO) draft report.

GAO Recommendations

GAO recommends that HHS provide the necessary guidance to ensure that HHS regional offices monitor states' use of Title IV-B subpart 1 funds for compliance with statutory restrictions on the use of these funds.

In addition, GAO recommends that HHS consider the feasibility of collecting basic data on states' use of these funds to facilitate its oversight of the program and to provide guidance to help states determine appropriate services to fund. For example, an analysis of how states' spending patterns correlate to outcomes - both positive and negative - from the Child and Family Services Reviews (CFSRs) could yield useful information for this purpose.

Given that HHS is currently developing a new child welfare option that would allow states to use Title IV-E dollars for services similar to those provided under Title IV-B subpart 1, GAO further recommends that HHS use the information gained through enhanced oversight of subpart 1 - as well as information it may have on states' use of subpart 2 funds - to inform its design of this option. For example, HHS could use this information to help states determine the most appropriate services to provide under this option.

ACF Comments

In response to the GAO recommendation that HHS (1) provide the necessary guidance to ensure that HHS regional offices are providing appropriate oversight of subpart 1, ACF agrees to provide guidance to the regional offices to enable them to enforce the statutory limitations on Title IV-B funds. However, as GAO notes in its report, this Administration has proposed a legislative change to provide unprecedented flexibility in the use of Title IV-E foster care dollars. Furthermore, when Congress restricted the amount of Title IV-B funds that could be spent on foster care maintenance and adoption assistance payments, it did so at the 1979 appropriation level of $56.5 million. The FY 2003 appropriation of slightly over $290 million represents a five-fold increase in funds since 1979, thereby

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reducing to approximately 20 percent the amount of these funds that states may spend on foster care maintenance payments, adoption assistance payments and for child care under Title IV-B, subpart 1. (This does not take into account the impact of inflation on the statutory limit of $56.5 million over the past 24 years or on states' foster care rates.) ACF questions whether this outdated limitation serves a state's need for flexibility in funding Child Welfare Services and does not believe that currently there is a useful purpose for this restriction. ACF intends, therefore, to explore avenues to provide states flexibility with respect to this provision.

Our level of oversight for the use of Title IV-B funds is commensurate with the scope and intent of the program. ACF disagrees with the recommendation that we collect data on subpart 1 to help states determine appropriate services to fund.

In response to the GAO recommendation that HHS (2) consider the feasibility of collecting basic data on states' use of these funds to facilitate program oversight and to provide guidance to help states determine appropriate services to fund, when ACF developed the regulations and guidance to implement Title IV-B, ACF considered the feasibility of asking states to provide us with actual expenditures rather than estimates. ACF decided to ask for estimates to reduce state information collection requirements. In addition, there is a two-year expenditure period under Title IV-B, which means states would not have to report final expenditures until 90 days after the two-year period had ended, at which point the information is too outdated to be useful. ACF sees no reason to mandate states to report information that is not required in statute.

The GAO recommendations are based on the premise that states need help in determining how to best use their Title IV-B funds, and that there are ample funds for all services needed in the State. The report seems to conclude that Federal help will resolve the issues raised in the CFSRs as they relate to the lack of family assessments and services.

Our attention to outcomes in the CFSRs is the appropriate mechanism for meeting our stewardship responsibilities for Title IV-B programs. ACF implements this approach through the Program Improvement Plan (PIP) process, which requires states to identify actions they will take to remedy weaknesses identified as a result of the CFSR. This process is already in place and includes the regulatory requirement at 45 CFR 1355.35(f) to integrate the PIP with the State's Child and Family Services Plan. Use of funds and resources committed to achieving the

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identified outcomes are factored into the PIP process. Overall, we do not see how actual expenditure information or additional data will help improve the outcomes in the CFSRs since we already collect ample information through that process.

The recommendation that "an analysis of how states' spending patterns correlate to outcomes from the CFSRs" is unrealistic given the lack of direct relationship of Title IV-B funding to the broad outcome areas of safety, permanency and well-being that are influenced by the unique blend of services funded by a variety of sources that states use to meet the needs of families. The CFSR does review many of the major requirements of Title IV-B subparts 1 and 2 from a systemic view; however it does not necessarily review case level outcome information based on services allocated to these programs.

The issues attributed to findings from the CFSRs such as lack of services available statewide, long waiting lists and improvement needed in assessing needs and providing services to meet those needs would generally have very little direct relationship to Title IV-B funding. Because Title IV-B funding represents such a small percentage of potential funding available to states compared to Medicaid and other Federal, state, and local funding streams, it would be a leap to associate the CFSR findings to Title IV-B oversight issues. The PIP process is a far more comprehensive process to address issues such as those outlined above because it involves and commits stakeholders to activities that directly impact the outcomes rather than simply one agency and funding stream.

The GAO report points out the overlap with respect to services provided and families served, as the statutory purposes of both programs are very similar and are meant for the same type of children and families. Also, as noted, because of overlapping categories for services (i.e., some family preservation services could also be considered family support services, or many time-limited reunification services may also be claimed as family preservation or support services) and the different categorical program definitions by different states, ACF cannot know specifically how much of one service versus another is being provided. However, both subparts under Title IV-B, along with the Child Abuse Prevention and Treatment Act, Title IV-E, and Title XX, fund a continuum of care in child welfare. By not permitting the funds, services, and families to overlap, we would significantly impede the functionality of the continuum, thereby creating potential situations where families would not receive the necessary services.

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Appendix III: GAO Contacts and Acknowledgments

GAO Contacts

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Acknowledgments

In addition to those named above, Melissa Mink and J. Bryan Rasmussen made key contributions to the report. Anne Rhodes-Kline, Alison Martin, Luann Moy, and George Quinn, Jr., provided key technical assistance.

Related GAO Products

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